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Announcement of the Annual Accounts Act

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Announcement of the Annual Accounts Act¹⁾

The Annual Accounts Act, cf. Statutory Order No 838 of 8 August 2019, is hereby published, with the amendments resulting from Section 1 of Act No 642 of 19 May 2020, Act No 741 of 30 May 2020, Section 4 of Act No 568 of 10 May 2022, Article 36 of Law No 700 of 24 May 2022 and Law No 695 of 24 May 2022.

The promulgated text of the Act concerning Section 99b shall enter into force on 1 January 2023, cf. Section 11 of Act No 568 of 10 May 2022 amending the Companies Act, the Annual Accounts Act and various other acts (Strengthening requirements on target figures and policies for the underrepresented sex).

The promulgated legislative text concerning Section 138a shall enter into force on the date determined by the Minister for Economic Affairs, after consultation with the Minister for Taxation, pursuant to Section 34(2) of Act No 700 of 24 May 2022 on accounting.

Section I

Scope of the law, basic requirements, etc.

Chapter 1

Scope of the law etc.

The companies covered

§ This Act shall apply to all commercial undertakings, subject to paragraph 3.

Paragraph 2. For the purposes of this Act, an undertaking shall be deemed to be a trader if it provides goods, rights, funds, services or the like for which it normally receives remuneration. However, an undertaking shall always be deemed to be a trader if it is subject to the Companies Act, the Act on Business Foundations, the Act on Certain Business Enterprises or is otherwise a trader under the Act. This applies regardless of whether the enterprises are wholly or partly exempted from the requirements of the laws mentioned.

Paragraph 3. The Act shall not apply to undertakings which

- 1) are subject to accounting rules laid down by or under the law applicable to financial undertakings,
- 2) is subject to the law on state accounting etc. or
- 3) are subject only to accounting rules laid down by or pursuant to the Local Government Act.

Annual Report

§ 2. For each financial year, the undertakings referred to in Article 3(1) shall submit annual accounts in accordance with this Act. Unless otherwise provided in sections 9a, 18, 22, 78, 102 or 109, the annual accounts shall be supplemented by

- 1) financial statements of a group managed by the entity (consolidated financial statements),
- 2) management report for the entity and for a group managed by the entity; and
- 3) management endorsement.

Paragraph 2. In addition, the company may add any supplementary reports, cf. § 14.

Paragraph 3. The common designation for the accounts, reports and statements referred to in paragraphs 1 and 2 shall be "annual report".

Paragraph 4. Accounts prepared by an undertaking solely for its own use shall not constitute an annual report within the meaning of this Act. If an undertaking prepares accounts which are not annual reports within the meaning of this Act, they shall not be designated as annual reports and their form and content shall be such that they cannot be confused with such annual reports.

Types of enterprises covered

§ 3. The following economic operators must submit an annual report in accordance with the provisions of this Act, unless they are exempted from this requirement in accordance with the provisions of §§ 4-6:

- 1) Joint stock companies, partnerships (limited liability companies) and limited partnerships,
- 2) partnerships and limited partnerships in which all the partners or general partners are
 - a) limited companies, partnerships, limited liability companies or companies having an equivalent legal form, or
 - b) partnerships or limited partnerships in which all the partners or general partners are referred to in point (a),
- 3) professional foundations, cf. the Act on Professional Foundations, § 2, paragraph 1, without prejudice to paragraph 2, and § 3, paragraphs 1 and 2,
- 4) limited liability companies governed by the law on certain commercial companies § 3 (limited liability companies and associations) and § 4 (limited liability cooperatives), unless the company is exempted under § 4 of this Act,
- 5) European Cooperative Societies (SCEs) and
- 6) employee investment companies, cf. § 1 of the Employee Investment Companies Act.

Paragraph 2. If an undertaking covered by the Act which is not required to submit an annual report pursuant to paragraph 1 chooses voluntarily to submit an annual report which is not used exclusively for the undertaking's own purposes, it shall at least comply with the rules for accounting class A, cf.

Exemption for undertakings covered by the law on certain economic operators

§ 4. Undertakings covered by the Act on certain economic operators (§ 3) (limited liability companies and associations) and § 4 (limited liability cooperatives) may, subject to paragraphs 4 to 7, refrain from submitting an annual report in accordance with this Act if, for two consecutive financial years, the undertaking does not exceed two of the following amounts at the balance sheet date:

- 1) A balance sheet total of DKK 7 million,
- 2) a net turnover of DKK 14 million and
- 3) an average number of full-time employees during the financial year of 10.

Paragraph 2. For the purpose of calculating the amounts referred to in paragraph 1, Article 7(3) and (4) shall apply.

Paragraph 3. If an undertaking chooses to take advantage of the exemption in paragraph 1, it shall submit a declaration of exemption to the Danish Commerce Authority in accordance with section 145.

Paragraph 4. However, the exemption in paragraph 1 shall not apply to an undertaking which is the parent undertaking of a group of undertakings for which it is required to prepare consolidated accounts in accordance with this Act, cf. section 7(5).

Paragraph 5. Paragraph 1 shall not apply to undertakings which have shares, debt securities or other securities admitted to trading on a regulated market in an EU/EEA country.

Paragraph 6. Where an undertaking to which the exemption in paragraph 1 applies chooses to prepare an annual report which is not exclusively for its own use, it shall at least comply with the rules for accounting class A, cf.

Par. 7. If the undertaking wishes an annual report, which has been submitted voluntarily in accordance with paragraph 6, to be published by the Ervsstyrelsen, the undertaking must submit the annual report to the Board as an annex to the exemption declaration referred to in paragraph 3. However, the exemption statement need not be submitted if the undertaking chooses to include the annual report in the rules of accounting class B, cf. section 7(1)(2).

Exemption for certain partnerships and limited partnerships

§ A partnership or limited partnership to which Article 3(1)(2) applies may refrain from filing an annual report and instead file an exemption declaration in accordance with Article 146(1) if

- 1) its accounts by full consolidation, proportionate consolidation or by recognition and measurement at carrying amount are included in consolidated accounts prepared by an associate or general partner or by one of their parent undertakings instead,
- 2) the partner or general partner is established in this country or is subject to the legislation of another EU or EEA country,
- 3) the consolidated financial statements have been prepared in accordance with the rules of this Act or, if the interested party, the general partner or the parent undertaking concerned is foreign, in accordance with the rules of Directive 2013/34/EU of the European Parliament and of the Council, as amended, and have been audited and published in accordance with those rules; and
- 4) the consolidated financial statements in question disclose that the partnership or limited partnership has failed to file an annual report pursuant to this paragraph.

Paragraph 2. A partnership or limited partnership to which Article 3(1)(2) applies may refrain from filing an annual report itself and instead file an exemption declaration in accordance with Article 146(2) if

- 1) one of the partners or general partners of the undertaking is established in this country, and
- 2) the partner or general partner prepares the annual report of the partnership or limited partnership, including having it 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.

Paragraph 3. A partnership or limited partnership to which Article 3(1)(2) applies and in which no partner or general partner is domiciled in this country may refrain from filing its own annual report and instead file an exemption declaration in accordance with Article 146(3) if

- 1) an interested party or a general partner is governed by the law of an EU/EEA country, and
- 2) the partner or general partner draws up the annual report of the partnership or limited partnership and has it audited and published in accordance with the legislation referred to in point 1, together with his own annual report in a joint annual report or as two separate annual reports.

Paragraph 4. Partnerships and limited partnerships applying the exemptions provided for in paragraphs 2 and 3 shall, on request, disclose to any person the name, business register number or registration number and registered office of the undertaking which has drawn up the annual report.

Paragraph 5. Paragraphs 1-3 shall not apply to partnerships and limited partnerships which have shares, debt securities or other securities admitted to trading on a regulated market in an EU/EEA country.

Exemption for subsidiaries with no activity

§ A subsidiary undertaking which has had no activity during the financial year may refrain from submitting an annual report for that year and instead submit an exemption declaration in accordance with section 146(4) if

- 1) the accounts of the subsidiary are fully consolidated in the consolidated accounts of a parent undertaking,
- 2) the parent company is governed by the laws of an EU/EEA country,
- 3) the consolidated financial statements have been prepared in accordance with the rules of this Act or, if the parent undertaking concerned is foreign, in accordance with the rules of Directive 2013/34/EU of the European Parliament and of the Council, as amended, and have been audited and published in accordance with those rules,
- 4) all participants in the subsidiary have agreed to the procedure for the financial year in question,
- 5) the parent undertaking has declared that it will meet the subsidiary's existing liabilities and commitments arising in the period until the subsidiary has submitted its annual report for a subsequent financial year and that report has been received and published in accordance with the rules laid down in Chapters 19 and 20; and
- 6) the consolidated financial statements disclose that the subsidiary has failed to file an annual report under this paragraph.

Paragraph 2. An enterprise shall be regarded as inactive for the financial year in question if it does not carry out any economic activity directly or indirectly, does not hold shares in another enterprise and has not assumed any risks.

Accounting classes

§ The rules laid down in this Act for the preparation of annual reports shall be divided into accounting classes A, B, C and D, as set out in Title II-V. In determining which accounting class a company should follow, the following shall apply:

- 1) Undertakings covered by the Act which are not required to submit an annual report under Article 3(1) but which voluntarily submit an annual report in accordance with Article 3(2) must at least comply with the rules for accounting class A in Title II.
- 2) Small enterprises which are obliged to submit an annual report in accordance with Article 3(1) shall at least follow the rules for accounting class B in Title III.
- 3) Medium-sized and large enterprises which are obliged to submit an annual report in accordance with Article 3(1) shall comply at least with the rules for accounting class C in Title IV.
- 4) Public limited liability companies and undertakings which have shares, debt securities or other securities admitted to trading on a regulated market in an EU/EEA country and which are required to submit an annual report in accordance with Article 3(1) shall, irrespective of their size, comply with the rules for accounting class D in Title V, without prejudice to

§ 7 a.

Paragraph 2. The following size limits shall apply in determining the accounting class to be applied by an undertaking:

- 1) Small enterprises: enterprises which, for two consecutive financial years, do not exceed two of the following sizes at the time of the balance sheet
 - a) A balance sheet total of 44 million DKK,
 - b) a net turnover of 89 million DKK and
 - c) an average number of full-time employees during the financial year of 50.
- 2) Medium-sized enterprises: enterprises which are not small enterprises and which do not exceed two of the following sizes in two consecutive financial years at the time of the balance sheet
 - a) A balance sheet total of DKK 156 million,
 - b) a net turnover of DKK 313 million and
 - c) an average number of full-time employees during the financial year of 250.
- 3) Large enterprises: enterprises that are not small or medium-sized enterprises.

Paragraph 3. For the purpose of calculating the amounts referred to in paragraph 2, the following shall apply:

- 1) The balance sheet total is the sum of all asset items.
- 2) Net turnover is defined in Annex 1, C, No 13. If a financial year is shorter or longer than 12 months, the net turnover shall be increased or decreased proportionately so as to arrive at an amount equal to the amount for a period of 12 months.
- 3) The average number of full-time employees shall, as far as possible, be calculated in accordance with the rules laid down pursuant to Section 143 of the Companies Act.

Paragraph 4. Undertakings whose financial or investment income is at least equal to their net turnover, as defined in Annex 1, C, point 13, shall use their net turnover plus financial and investment income to calculate the thresholds referred to in paragraph 2. Income from investment activities shall be deemed to include positive revaluations covered by Article 38(1) and realised gains on the sale of investment property.

Paragraph 5. Notwithstanding paragraph 1, parent undertakings of groups required to prepare consolidated accounts under section 109 shall, in their annual report, comply at least with the rules for accounting class C, unless they are required to comply at least with accounting class D under paragraph 1(4). However, where a parent undertaking fails to prepare consolidated accounts in accordance with

Sections 111 or 112, the parent undertaking may follow the rules for accounting class B in its annual report if it fulfils the conditions laid down in paragraph 2(1).

Paragraph 6. Instead of following the rules in the section that the entity is required to follow at least under paragraphs 1 and 5, the entity may choose to follow systematically and consistently all or some of the rules in one or more subsequent sections (classes of accounts).

Exemptions for subsidiaries of State-owned joint stock companies

§ Section 7 a. The special rules of this Act on state-owned joint stock companies shall not apply to joint stock companies which are subsidiaries of state-owned joint stock companies.

Chapter 2

Management's responsibility for the annual report

§ 8. The management of the undertaking referred to in Annex 1, A, No 6, shall draw up an annual report for the undertaking.

Paragraph 2. Each member of the responsible management bodies shall be responsible for ensuring that the annual report is drawn up in accordance with the law and any additional accounting requirements laid down in the statutes or agreement. In preparing the annual report, they shall also observe the standards applicable to the undertaking, as referred to in Articles 136 and 137. In addition, each member shall be responsible for ensuring that the annual report, if an audit is required, can be audited and approved in a timely manner. Each member of the highest governance body shall be responsible for ensuring that the annual report is submitted to the Danish Commerce Authority within the time limits laid down by law.

§ 9. Once the annual report has been drawn up, all members of the responsible management bodies shall sign it and date the signature. Without prejudice to Article 9a, they shall sign and date a management declaration,

- 1) whether the annual report has been prepared in accordance with the requirements of the law and any standards and any requirements of the articles of association or agreement; and
- 2) whether the annual accounts and any consolidated accounts give a true and fair view of the assets and liabilities, financial position and profit or loss of the company and the group.

Paragraph 2. If the annual report is signed digitally, as referred to in Article 153c, the requirement in paragraph 1 that the signature and the date of the signature must be provided in connection with the management report shall not apply. However, the name of the signatory shall be clearly indicated in connection with the management declaration.

Paragraph 3. In the management report of undertakings which have securities admitted to trading on a regulated market in an EU/EEA country and of public limited-liability companies, management shall state whether the management report gives a true and fair view of the development of the undertaking's and, if consolidated accounts have been prepared, the group's activities and economic conditions, the profit or loss for the year and the financial position of the undertaking and the financial position of the undertakings included in the consolidated accounts taken as a whole. Management shall also state whether the management report includes a description of the principal risks and uncertainties facing the entity and, if consolidated financial statements have been prepared, the group. For these entities, the management report shall disclose the name and function in relation to the entity of each member of the responsible management bodies.

Paragraph 4. Without prejudice to paragraph 5, the provisions of paragraph 3 shall not apply to undertakings which issue only debt securities admitted to trading on a regulated market in an EU/EEA country and whose denomination per unit amounts to at least EUR 100 000 or whose denomination per unit at the date of the issue amounts to at least EUR 100 000 when the debt securities are denominated in a currency other than euro.

Paragraph 5. Paragraph 3 shall not apply to undertakings which issue only debt securities admitted to trading on a regulated market of an EU/EEA country before 31 December 2010 if the denomination per unit is at least EUR 50,000 or if the denomination per unit at the date of the issue is at least EUR 50,000 when the debt securities are denominated in a currency other than euro.

Paragraph 6. If the annual accounts have not been audited, as referred to in the third indent of Article 135(1), the members of the responsible management bodies shall state in the management report whether the undertaking fulfils the conditions laid down therein.

Par. 7. Where management has included supplementary reports in the annual report, the members of the responsible management bodies shall declare in the management declaration whether the report gives a true and fair view within the framework of generally accepted guidelines for such reports.

§ 9 a. If the company's responsible management body consists of only one member at the time of approval of the annual report, the company may omit a management statement from the annual report, unless the company is included in accounting class D. The company's submission of the annual report to the Danish Business Authority in the Authority's digital reporting solution is then considered as evidence that the management member has approved the annual report.

Paragraph 2. If the annual report of the undertaking does not contain a management report as referred to in paragraph 1, the statements referred to in Article 9(6) and (7) shall be made in the management report.

§ 10. Even if a member of the management disagrees with an annual report in whole or in part or objects to its approval in the form decided, the member may not refrain from signing the annual report. However, the management member may express his objections with specific and adequate justification in connection with his signature and the management endorsement.

Chapter 2a

Information on opting out of the audit for the next financial year

§ 10 a. If the annual accounts have been audited, it must be stated in connection with the management report, cf. § 9, if the general meeting or the corresponding approval body of an undertaking which fulfils the conditions in § 135, paragraph 1, point 3, has decided that the annual accounts for the coming financial year are not to be audited.

Paragraph 2. If the annual report of the undertaking does not contain a management report as referred to in Article 9a(1), the information referred to in paragraph 1 shall be given in the management report.

Chapter 3

Basic requirements for the annual report Fair presentation

§ 11. The annual accounts and any consolidated accounts must give a true and fair view of the and the Group's assets and liabilities, financial position and profit or loss. The management report shall contain a fair review of the matters that are the subject of the report.

Paragraph 2. If the application of the provisions of this Act is not sufficient to give a true and fair view as referred to in paragraph 1, additional information shall be given in the annual accounts or consolidated accounts.

Paragraph 3. If the application of the provisions of this Act would, in a particular case, conflict with the requirement of paragraph 1, subparagraph 1, they shall be derogated from so as to comply with that requirement. Any such derogation shall be disclosed annually in the notes on the accounts, together with a specific and adequate explanation of the effect, including, as far as possible, the monetary effect, of the derogation on the assets and liabilities, the financial position and the profit or loss of the undertaking or the group.

Paragraph 4. The requirements of paragraphs 1-3 shall apply mutatis mutandis when standards issued within the framework of this Act are used, cf. section 136.

Quality requirements

§ In order for the annual accounts and consolidated accounts to give a true and fair view and for the management report to contain a fair statement, cf. section 11, the rules in paragraphs 2 and 3 must be complied with.

Paragraph 2. The annual report shall be drawn up in such a way as to support users in their financial decisions. The accounting users concerned are persons, undertakings, organisations and public

authorities, etc., whose economic decisions are likely to be affected by an annual report, including current and potential company participants, creditors, employees, customers, alliance partners, the local community, and granting and tax authorities. The decisions in question relate to

- 1) location of the accounting user's own resources,
- 2) management of the company's resources and
- 3) allocation of company resources.

Paragraph 3. The annual report shall be drawn up in such a way as to disclose information which is normally relevant to users of the accounts, in accordance with paragraph 2. The information shall also be reliable in relation to what users would normally expect.

Basic prerequisites

§ 13. The annual report shall be drawn up in accordance with the following basic assumptions:

- 1) It must be drawn up in a clear and transparent manner (clarity).
- 2) The real facts must be taken into account rather than formalities without real content (substance).
- 3) All relevant matters must be included in the annual report unless they are immaterial (materiality). However, if several insignificant matters are considered to be material in aggregate, they shall be included.
- 4) The operation of an activity is presumed to continue (going concern) unless it is not required to continue or is not expected to continue. When an operation is discontinued, its classification and presentation and its recognition and measurement shall be adjusted to reflect that discontinuance.
- 5) Recognition and measurement shall be on a prudent basis, including accounting estimates that are supportable and neutral. Any value adjustment shall be recognised regardless of whether the financial statements show a profit or loss.
- 6) Transactions, events and changes in value are recognised when they occur, regardless of the timing of payment (accrual basis).
- 7) Recognition methods and measurement bases shall be applied consistently to the same category of items (consistency).
- 8) Each transaction, event and change in value must be recognised and measured separately and the individual items must not be offset against each other (gross value).
- 9) The opening balance sheet for the financial year must correspond to the closing balance sheet for the previous financial year (formal continuity).

Paragraph 2. The accounting year, the presentation and classification, the method of consolidation, the method of recognition and the basis of measurement, as well as the monetary unit used, shall not change from one year to the next (continuity in substance). However, a change may be made if this improves the fair presentation of the accounts or if the change is necessary to comply with new rules in the event of a change of accounting category, a change in the law, new statutory provisions or new standards within the meaning of Article 136.

§ Supplementary reports on, for example, corporate social responsibility, knowledge and employee relations, environmental issues and ethical objectives and their follow-up shall give a fair account within the framework of generally accepted guidelines for such reports. They must meet the quality requirements laid down in Article 12(3) and, with the relaxations which result from the nature of the relationship, the basic requirements laid down in Article 13(1) and (2).

Paragraph 2. The supplementary reports shall indicate the methodology and measurement bases on which the reports have been prepared.

§ The financial year shall comprise 12 months, which shall always begin and end on a specific date in the year. The next financial year shall begin on the day following the balance sheet date of the previous financial year.

Paragraph 2. The first accounting period may be shorter or longer than 12 months but not longer than 18 months.

Paragraph 3. If the financial year is changed, the conversion period shall not exceed 12 months. However, the conversion period may extend to 18 months if it is necessary to change the accounting year in order to obtain the same accounting year in several undertakings in the case of

- 1) establishment of group relations,
- 2) the establishment of joint control over another undertaking; or
- 3) fusion.

The application of the conversion period of up to 18 months referred to in the second subparagraph shall be conditional on the establishment of the relationship in question within the conversion period, unless it has not been possible for the enterprise to amend the financial year within that period because of circumstances beyond its control.

Paragraph 4. The decision to change the financial year must be taken in sufficient time for the notification to be submitted to the Danish Business Authority so that it is received by the Board no later than six months after the end of the financial year which is to be changed, but no later than six months after the end of the change period. However, for state-owned companies and companies whose securities are admitted to trading on a regulated market in an EU/EEA country, the deadline is 4 months. If the notification is received after the expiry of the period referred to in the first or second subparagraph, registration shall be refused.

Paragraph 5. Parent undertakings and subsidiaries shall ensure that subsidiaries have the same financial year as the parent undertaking, unless this is not possible because of circumstances beyond the control of the parent undertaking and the subsidiary.

§ The recording, measurement and information in monetary units shall be made in Danish kroner or in euro. However, the entity may choose to report amounts in another foreign currency that is relevant to the entity or the entity's group instead.

Chapter 4

Order etc. of the components of the annual report

§ 17. The annual report shall contain the elements prescribed for each class of accounts, cf. Articles 18, 22, 78 and 102, as well as the corresponding elements for consolidated accounts. The statement of accounting policies shall be grouped or disaggregated and included in the relevant notes in a systematic and consistent manner.

Paragraph 2. The management report for the parent undertaking and the group may be combined if the information which is different for the parent undertaking and the group is shown separately in the combined report.

Paragraph 3. Supplementary reports attached to the annual report shall be placed separately therein after the statutory components.

Section II

Accounting class A

Chapter 5

Preparation of the annual report General provisions

§ An undertaking which produces an annual report in accordance with the rules applicable to accounting class A shall at least

prepare an annual report consisting of the management report, balance sheet, profit and loss account and notes, including an explanation of the accounting policies adopted. If an approved auditor has signed an endorsement or declaration on the annual report, the endorsement or declaration must be included in the annual report. The rules set out in paragraphs 11 to 17 shall apply.

Classification and listing

§ An entity shall include the assets and liabilities to be recognised for the class of accounts and the equity in an opening balance sheet at the date of commencement of its operations. Unless otherwise provided by law, the activities of the enterprise are regarded as commenced at the date of incorporation or at the earlier date when a business activity is to be attributed to the enterprise.

Paragraph 2. Assets and liabilities in the opening balance sheet shall be measured using either the acquisition method or the aggregation method, in accordance with Sections 122 and 123. The method chosen shall be applied systematically and consistently to all assets and liabilities.

Paragraph 3. The items of the profit and loss account shall be classified according to the nature of the business and the volume of its activities. The balance sheet shall show at least the relevant headings and the Roman numeral items listed in Annex 2, Table 1. The statements shall also show the items necessary to show the contributions of the members of the undertaking and their share in profits or losses.

Paragraph 4. Where an undertaking owned personally by one or more proprietors recognises assets and liabilities and income and expenses not related to the business, these shall be classified so as to be clearly distinguishable from the business in the balance sheet and profit and loss account.

Recognition and measurement

§ The assets and liabilities, income and expenses of the undertaking shall be recognised and measured systematically and consistently in accordance with generally accepted accounting principles, taking into account the nature and scale of the undertaking.

Paragraph 2. An enterprise which is owned personally by one or more proprietors may exclude from its accounts those of its assets and liabilities, income and expenses which do not relate to its business activities.

Information

§ An entity shall disclose the methods of recognition and measurement (valuation) applied to items in all components of the annual report.

Paragraph 2. The undertaking shall separately disclose

- 1) contingent liabilities,
- 2) pledges and other security over assets,
- 3) interest on contributions to equity,
- 4) how much has been distributed or distributed to owners or other company participants,
- 5) how deficits are covered, and
- 6) whether dividends or distributions have been made in cash or otherwise.

Paragraph 3. An enterprise which is owned personally by a single proprietor or jointly by spouses and where the proprietor or spouses own assets, liabilities, contingent liabilities or pledges which do not relate to the business activities shall be disclosed separately,

- 1) whether it fails to recognise the assets and liabilities in question,
- 2) if it fails to recognise or disclose the contingent liabilities in question,
- 3) it fails to disclose the pledges in question; and
- 4) how the property of the holder and that of the spouse have been taken into account.

Section III

Accounting class B

Chapter 6

Preparation of the annual report General provisions

§ 22. An enterprise subject to accounting class B shall prepare an annual report which, in the at least consist of a management report, without prejudice to Article 9a(1), balance sheet, profit and loss account, notes, without prejudice to

§ Article 22b(1) and a management report. If an approved auditor has issued an audit report or other statement on the annual report, cf. sections 135 and 135b, the audit report or statement shall be included in the annual report. Sections 11 to 17, section 19(1), (2) and (4), section 20(2), sections 22a, 22b and 23 to 77 shall apply, save that

§ 137.

Paragraph 2. If the information of a parent undertaking is the same as that of the group, the parent undertaking may omit the information from its own annual accounts and management report.

Paragraph 3. The first time that an undertaking which has been subject to the rules of accounting class A presents an annual report in accordance with the rules of accounting class B, the undertaking may benefit from the following relaxations:

- 1) For the recognition of assets which, under the rules of accounting class A, should not be recognised or should be recognised at a different measurement basis from that of accounting class B, the value of the asset at the previous balance sheet date may be deemed to be its cost. The previous year's recognition method and measurement basis for the asset shall be disclosed in the notes.
- 2) For those items in the financial statements that are affected by changes in recognition methods and measurement bases, comparative figures under § 24 for periods prior to the financial year may be determined using the methods previously applied.

Paragraph 4. The first time an entity ceases to apply one or more of the exemptions in paragraph 22(b), the entity may, for those items in the profit and loss account affected by the application of paragraph 37, present comparative profit and loss account information under paragraph 24 for periods before the financial year using the previous method.

Derogation for micro-enterprises

§ Section 22a. Microenterprises may apply the exemptions in Section 22b, subject to paragraph 3. Micro-enterprises shall mean very small enterprises in accounting class B which, for two consecutive financial years, do not exceed two of the following sizes at the time of the balance sheet

- 1) A balance of 2.700.000 kr.
- 2) A net turnover of 5.400.000 kr.
- 3) An average number of full-time employees during the financial year of 10.

Paragraph 2. For the purposes of calculating the thresholds referred to in paragraph 1, Article 7(3) and (4) shall apply mutatis mutandis.

Paragraph 3. Notwithstanding compliance with the size limits laid down in paragraph 1, the exemptions provided for in Article 22b may not be applied by the following undertakings:

- 1) Entities which hold participations in other entities and which exercise significant influence over the operational and financial management of one or more of those entities.
- 2) Undertakings which are engaged exclusively in investing their funds in securities and real estate or in other assets for the sole purpose of spreading investment risk and providing their shareholders with a financial benefit from the results of the management of their assets.
- 3) Undertakings linked to undertakings referred to in point 2 which have fixed capital, provided that the sole object of the linked undertakings is to acquire fully paid-up shares issued by those investment

undertakings.

- 4) Entities that have, at the balance sheet date, rights or obligations arising from contracts for derivative financial instruments.

§ Section 22 b. Micro-entities, as defined in section 22 a, are exempted from disclosing the following information in the notes to the annual accounts:

- 1) Information on accounting policies applied, see Article 53.
- 2) Information on debts falling due for payment more than 5 years after the balance sheet date, see § 63.
- 3) Information on certain special items, see Article 67a(1) and (2).
- 4) Information on the average number of full-time employees during the financial year, see § 68.

Paragraph 2. An undertaking which makes use of one or more of the exemptions provided for in paragraph 1 shall disclose that fact in the notes.

Paragraphs 2 and 3 of Article 11 shall not apply to annual accounts in respect of which one or more of the exceptions in paragraph 1 have been applied.

Sections 37 to 38 shall not apply to undertakings which apply one or more of the exemptions in paragraph 1.

*Classification and
arrangement General
provisions*

§ 23. The balance sheet and profit and loss account shall be drawn up in diagrammatic form in accordance with Annex 2, schedule 1 or 2 and schedule 3 or 4.

Paragraph 2. The items shall be listed separately and in the order indicated in the schedules. Items marked with an arabic numeral (1, 2, 3, etc.) may be split. Without prejudice to paragraph 6, new arabic numerals may be added if their content is not covered by an existing heading.

Paragraph 3. Without prejudice to paragraph 6, the Arabic numerals may be grouped together if such grouping facilitates clarity.

Paragraph 4. Without prejudice to paragraph 6, the arrangement and designation of Arabic numerals shall be adapted where the particular nature of the undertaking so requires.

Paragraph 5. The Danish Commerce Authority may amend Annex 2, including prescribing special formats, if necessary for enterprises whose structure and mailing needs cannot be met by the Act's rules on adapting formats or as a result of changes in market conditions or international standards.

Paragraph 6. The Danish Commerce Authority may lay down rules limiting the possibilities of deviating from the balance sheet and profit and loss account schedules pursuant to paragraphs 2, 2 and 3, and paragraphs 3 and 4, to the extent necessary for annual reports etc. to be reported digitally.

§ Each item in the balance sheet and profit and loss account shall show the corresponding amounts for the preceding financial year. If the items are not directly comparable with those of the previous year, the latter shall be adjusted. However, an enterprise may omit to restate comparative figures if the lack of comparability is due to changes in the enterprise's activities.

Paragraph 2. Items in the balance sheet and profit and loss account which do not include an amount shall be included only if the previous annual accounts include such an item.

Paragraph 3. Paragraphs 1 and 2 shall apply mutatis mutandis to note disclosures to the extent that comparative figures are prescribed in this Act.

Balance

§ The balance sheet shall consist of recognised assets, recognised liabilities, including provisions, and equity, being the difference between those assets and liabilities. Liabilities are defined as the sum of own funds and recognised liabilities.

§ Receivables under current assets which fall due for payment more than one year after the end of the accounting year shall be regarded as long-term. They must be classified separately for each item of the balance sheet, unless equivalent information is given in the notes.

Paragraph 2. Obligations falling due for payment within one year of the end of the financial year shall be considered as short-term. Other commitments shall be long-term. Liabilities shall be classified in accordance with these criteria for each arabic numeral item, unless equivalent information is provided in the notes.

§ Costs incurred at the latest at the balance sheet date but relating to subsequent years shall be classified as deferred charges under current assets. Revenue relating to the financial year but not due until after the balance sheet date shall be classified as receivable.

Paragraph 2. Payments received on or before the balance sheet date but relating to income in subsequent years shall be classified as accruals under commitments. Costs relating to the financial year but which will not be paid until subsequent years shall be classified as liabilities.

Income statement

§ The profit and loss account consists of recognised income and expenses.

§ Under the heading "Production costs" in the profit and loss account broken down by function, the costs incurred in production to obtain the turnover are included.

Paragraph 2. The items "Production costs", "Distribution costs" and "Administrative expenses" in the functionally-allocated profit and loss account shall include depreciation and amortisation of assets and personnel costs related to the functions mentioned.

§ 30. (Repealed)

§ 31. The management's proposal for a decision on the appropriation of the company's surplus or the covering of losses must be placed in the context of the profit and loss account. The management's proposal for dividends shall be shown as a separate item in equity under 'Surplus or deficit brought forward', as set out in Schedule 1 or 2 to Annex 2.

Paragraph 2. If extraordinary dividends have been distributed during the financial year, they shall be shown separately in the profit and loss account. If extraordinary dividends have been distributed after the end of the financial year, they shall be shown in the profit and loss account.

§ 32. The enterprise may aggregate the following items and instead enter an item called 'Gross profit' or 'Gross loss':

- 1) Items 1 to 5 of Annex 2, Table 3, and
- 2) items 1-3 and 6 of Annex 2, Table 4.

Section 11(2) shall not apply to items aggregated in accordance with paragraph 1.

Paragraph 3. For the first year in which the enterprise ceases to apply paragraph 1, the comparative figures referred to in Article 24 for the items in question may be omitted.

Section 138(6) shall apply where an undertaking avails itself of the option under paragraph 1.

Chapter 7

Recognition and

measurement General

provisions

§ 33. An asset shall be recognised in the balance sheet when it is probable that future economic benefits associated with

accrue to the entity and the value of the asset can be measured reliably. However, notwithstanding the definition of assets in Annex 1, C, paragraph 1, an entity may not recognise assets that are not owned by the entity. The entity may also exclude internally generated development projects and the resulting

intangible assets.

rights such as patents and similar rights. The entity cannot recognise other internally generated intangible assets.

Paragraph 2. Notwithstanding paragraph 1, contingent assets may be recognised only when it is probable that they will result in future economic benefits flowing to the entity.

Paragraph 3. A liability shall be recognised in the balance sheet when it is probable that future economic benefits will flow to the entity and the amount of the liability can be measured reliably. Similarly, if an entity fails to recognise assets under paragraph 1(2), the associated liabilities may not be recognised, notwithstanding the definition of liabilities in Annex 1, C, paragraph 7.

Paragraph 4. In the recognition and measurement of assets and liabilities, account shall be taken of all circumstances, including foreseeable risks and losses, arising before the date on which the annual report is drawn up which confirm or deny circumstances existing on or before the balance sheet date.

§ 34. (Repealed)

§ 35. (Repealed)

§ Section 35 a. Joint stock companies, limited liability companies and partnerships providing loans, guarantees or other financial assistance pursuant to sections 206(2), 210 and 214(1) of the Companies Act shall reclassify an amount equal to the loan, guarantee or financial assistance from the item "Retained earnings" or other item under equity capital available for dividends to the item "Reserve for loans and guarantees". This reserve may not be eliminated against the undertaking's deficit or reduced in any other way. However, the reserve shall be reduced or eliminated to the extent that the loan, guarantee or financial assistance is reduced or terminated.

Paragraph 2. Security provided in breach of sections 206 and 210 of the Companies Act shall be covered by paragraph 1 if the security is binding on the company, cf. section 215(3) of the Companies Act.

§ Section 35 b. Share companies and partnerships in which the subscribed capital and any share premium are not fully paid up shall recognise unpaid share capital and unpaid share premium as a receivable in accordance with the definition of assets in Annex 1, C, No 1, cf. paragraph 2.

Paragraph 2. The enterprise shall reclassify an amount equal to unpaid share capital and share premium from the item "Retained earnings" or any other item available for distribution under own capital to the item "Reserve for unpaid share capital and share premium". This reserve cannot be eliminated with the company's losses or reduced in any other way. However, the reserve must be released or reduced to the extent that the company capital and share premium are paid into the company.

§ 35 c. (Repealed)

§ 36. Assets and liabilities shall be measured at cost at the date of initial recognition. After initial recognition, assets shall be measured at cost and liabilities at net realisable value, except as otherwise provided in this Act.

Paragraph 2. In the event of the takeover of an existing undertaking, sections 121 to 123 shall apply mutatis mutandis.

§ 37. Without prejudice to paragraph 2, the entity shall, after initial recognition, adjust financial assets and financial liabilities that are part of a trading portfolio or are derivative financial instruments to fair value on an ongoing basis. The latter shall be measured at the sale value that can be ascertained for the assets or liabilities in question on an active market. If the selling price of the asset or liability cannot be determined readily, it shall be measured by reference to the quoted market prices of the individual components of the asset or liability or by reference to the quoted market prices of similar assets or liabilities. If there is no active market for those components either, fair value shall be measured, as far as possible, at an approximate selling price using the asset's or liability's relevant net asset value if this can be calculated using generally accepted valuation models and techniques. If an approximate selling price cannot be determined, the asset or liability shall be measured at cost.

Paragraph 2. An enterprise shall, after initial recognition, continually adjust the following to amortised cost:

- 1) Loans and receivables originating from the enterprise's own activities, to the extent that they are not part of a trading portfolio,
- 2) other financial assets that are not derivative financial instruments and are held to maturity; and
- 3) financial obligations other than those referred to in paragraph 1, point 1.

Paragraph 3. The provisions of paragraphs 1 and 2 shall not apply to

- 1) shareholdings in subsidiaries,
- 2) interests in jointly controlled entities and associates,
- 3) own shares,
- 4) equity instruments issued by the entity,
- 5) contracts for contingent consideration for the acquisition of a business in the context of a business combination,
- 6) commodity-based contracts that give the parties the right to settle in cash or other financial instruments and are therefore considered derivative financial instruments, and
 - a) are entered into to secure and continue to secure the entity's expected purchase, sale or usage requirements,
 - b) were concluded from the outset with this in view and
 - c) is expected to be settled upon delivery of the raw material, and
- 7) other financial instruments with such special features that, in accordance with generally accepted accounting practice, they are recognised and measured differently from other financial instruments.

Paragraph 4. Notwithstanding paragraphs 1 to 3, an entity may choose not to measure at fair value equity investments that are not admitted to trading on an active market.

Paragraph 5. Notwithstanding paragraphs 1 to 4, an entity may recognise and measure financial assets and financial liabilities in accordance with international accounting standards adopted by the European Commission in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and any subsequent amendments adopted by the European Commission in accordance with that Regulation. If the entity uses this option, the information on financial assets and liabilities required by those standards must be provided.

§ Section 37 a. Assets and liabilities or components thereof may be measured at fair value when they are effectively hedged by a hedging instrument that is required to be measured at fair value in accordance with section 37(1).

§ 38. After initial recognition, investment property may be adjusted to fair value on an ongoing basis.

Paragraph 2. Undertakings which biologically transform live animals or plants with a view to the sale, processing, consumption or breeding of additional animals and plants may, after initial recognition, adjust those assets to fair value on a current basis.

Paragraph 37(1)(2)-(5) shall apply mutatis mutandis to paragraphs 1 and 2.

§ 39. The exchange rate of the balance sheet date for monetary assets and liabilities shall be used to translate balance sheet items from foreign currency into the monetary unit of the annual report. For other balance sheet items and for transactions, the exchange rate on the date of the transaction shall be used. However, for assets and liabilities that are written up or down, or written up or down, the exchange rate at the date of the revaluation shall be used.

Paragraph 2. Where an activity for which foreign currency accounts are prepared is not continuously included in the cash flows of the enterprise, balance sheet items shall be translated at the exchange rate ruling at the balance sheet date. The difference shall be recognised directly in equity in a fair value reserve.

Paragraph 3. Where the conversion referred to in paragraph 1 relates to a monetary item which forms part of the net investment of the enterprise in foreign entities, the difference shall be recognised directly in

equity in a fair value reserve.

Fixed assets

§ 40. The cost of fixed assets shall include all costs incurred in acquiring the asset up to the date on which it is ready for use or directly attributable to the asset presented. The cost of fixed assets may also include the costs indirectly attributable to the fixed asset in question if the costs relate to the period of construction. In addition, interest on capital borrowed to finance the construction and relating to the construction period may be included in the cost.

§ 41. An entity may recognise intangible assets, property, plant and equipment and investments in subsidiaries and associates at fair value. However, intangible assets may be written up only if they are traded on an active market.

Paragraph 2. The provisions of Article 37(1)(2) to (5) shall apply, provided that replacement value or net realisable value may be used if an approximate sale price cannot be obtained.

Paragraph 3. An amount equal to the revaluation shall be entered directly under the heading 'Revaluation reserve' in own capital. Without prejudice to the next sentence, this reserve may not be eliminated against the undertaking's deficit or reduced in any other way. The reserve shall be released or reduced to the extent that the revalued assets

- 1) realised or withdrawn from the activity,
- 2) depreciated due to lower recoverable amount, see § 42,
- 3) is associated with deferred tax to be provided for, cf. § 47,
- 4) reversed due to a change in accounting estimate, as referred to in Article 52, or
- 5) reduced in value as a result of depreciation.

§ 42. Fixed assets which are not continuously adjusted to fair value in accordance with Articles 37, 37a or 38 shall be written down to a lower recoverable amount.

Paragraph 2. Where it is not possible to establish a recoverable amount for each asset, the assets shall be valued collectively in the smallest group of assets for which a reliable recoverable amount can be established by an overall valuation. A write-down of such a group of assets is allocated systematically to the individual assets.

Paragraph 3. The lower value referred to in paragraph 1 may not be maintained where the reason for the write-down no longer exists. However, goodwill may not be written down again.

§ 43. The cost, fair value or recoverable amount of intangible assets and property, plant and equipment with finite useful lives shall be reduced by depreciation and amortisation calculated to write them off systematically over their useful lives. However, this does not apply to assets which are continuously revalued to fair value in accordance with paragraph 38.

Paragraph 2. Depreciation shall be calculated taking into account the expected residual value of the asset at the end of its useful life.

Paragraph 3. In exceptional cases where an entity is unable to estimate reliably the useful life of goodwill and development costs, the useful life shall be assumed to be 10 years.

§ 43 a. The company may recognise shares in participating interests, subsidiaries and associated companies at the book value of these companies. In that case, the undertaking shall apply the net asset value to all participating interests, subsidiaries or associates or to all categories of undertakings in accordance with the provisions of paragraphs 2 to 5, subject to paragraph 6.

Paragraph 2. The entity shall recognise and measure the carrying amount in accordance with its own accounting policies.

Paragraph 3. The provisions of Sections 119 to 121 on consolidated accounts shall apply *mutatis mutandis*, except that eliminations in respect of participating interests and associates shall apply only on a pro rata basis according to the percentage of ownership and to the extent that the necessary information is known or available.

2, shall apply mutatis mutandis. If a subsidiary prepares consolidated accounts, these shall be used as the basis. If the subsidiary recognises its investments in equity interests, subsidiaries and associates at their carrying amounts, those amounts may be used as the basis.

Paragraph 4. The enterprise shall write up or write down the value of its holdings by the profit or loss of its participating interests, subsidiaries and associates and any movements in their book value which are not included in their profit or loss. The profit or loss of the participating interests, subsidiaries and associates and the changes in their carrying amount that are not included in profit or loss are recognised in proportion to the interests held.

Paragraph 5. An amount equal to the total net revaluation referred to in paragraph 4 shall be included under the heading 'Reserve for net revaluation using the equity method' in equity. The reserve may not be entered with a negative amount. This reserve may be eliminated against the enterprise's deficit but may not be reduced in any other way. However, the reserve shall be released or reduced to the extent that the revalued equity interests

- 1) realised or
- 2) be reversed due to a change in accounting estimate, as referred to in Article 52(1).

Paragraph 6. An undertaking may refrain from applying the equity method to holdings in a subsidiary covered by section 114(2)(1) to (3) or in a participating interest or an associate if the necessary information is not known. In this case, the investments shall be measured at cost in accordance with Article 36. However, holdings in undertakings covered by section 114(2)(3) may be measured at fair value in accordance with section 37(1), second to fifth indents. Furthermore, an adjustment for a holding or an associate may be made in accordance with paragraph 4 on the basis of the most recent annual accounts of the holding or the associate, even if the latter has a financial year which differs from that of the undertaking.

Current assets

§ 44. The cost of current assets must include the costs incurred in acquiring them or directly attributable to the asset manufactured.

Paragraph 2. The cost of current assets may also include the costs indirectly attributable to the current asset in question if the costs relate to the period of production. In addition, interest on capital borrowed to finance the production of goods and relating to the period of production may be included in the cost price.

Paragraph 3. Distribution costs shall not be included in the cost referred to in paragraphs 1 and 2.

§ 45. The cost of inventories may be calculated on the basis of weighted average prices, the first-in, first-out (FIFO) method or any other similar method that reflects the value of the physical inventory at the balance sheet date.

§ 46. Current assets which are not regularly adjusted to fair value in accordance with paragraphs 37 to 38 shall be written down to a lower net realisable value.

Paragraph 2. The lower value referred to in paragraph 1 may not be maintained where the reason for the write-down no longer exists.

Provisions

§ 47. Liabilities of uncertain amount or timing shall be recognised in the balance sheet and profit and loss account as provisions. This includes deferred taxes, guarantee obligations and pension obligations incumbent on the enterprise. Restructuring provisions shall be recognised when the decision to restructure has been taken and the process of implementing the restructuring has begun.

Paragraph 2. Provisions other than those relating to income taxes may be measured at their capital value.

§ 48. (Repealed)

Income statement

§ 49. All revenue is recognised in the economic outturn account as it is earned. However, an enterprise may elect not to recognise income when the work is performed using the production method. Revenue by § Section 37(1) and (2), Section 37a and Section 38(1) and (2) shall always be deemed to have been earned. The profit and loss account shall also include

- 1) profit shares arising from participating interests, subsidiaries or associates measured at equity in accordance with Article 43a as separate items,
- 2) all costs, including depreciation, amortisation, impairments and provisions for liabilities; and
- 3) reversals of amounts recognised in the profit and loss account as a result of a change in accounting estimates, in accordance with Article 52(1).

Paragraph 2. Amounts arising from the following shall not be recognised in the profit and loss account but shall be recognised directly in equity:

- 1) Revaluation under Article 41, reversal of such revaluation and reclassification of amounts to provisions arising from such revaluation,
- 2) income and expenses from the purchase and sale of own shares,
- 3) income and expenses arising from assets and liabilities that the entity elects to allocate to secure the value of assets and liabilities that the entity expects to receive or assume, and the reversal of such amounts,
- 4) differences arising from the translation of balance sheet items of activities not regularly included in the cash flows of the undertaking, as referred to in Article 39(2), and differences relating to the net investment of the undertaking in foreign entities, as referred to in Article 39(3),
- 5) changes in the methods and bases of recognition or measurement and in the monetary unit used, in accordance with Article 13(2),
- 6) reversal due to material error, cf. Article 52(2), and
- 7) actuarial gains and losses included in the determination of the pension liability.

Paragraph 3. Income and expenses recognised directly in equity in accordance with points 3 and 4 of paragraph 2 shall be included in a fair value reserve which shall be released when the amounts recognised are realised or reversed.

Paragraph 4. Contributions, dividends and distributions made in the course of the raising of capital, the repayment of paid-up capital or the distribution of profits to the participants in the undertaking may not be entered in the profit and loss account but shall be entered directly in equity.

Paragraph 5. Paragraph 4 shall apply mutatis mutandis to distributions to persons other than the owners where the distribution is made in accordance with the statutes of the company.

§ 50. Notwithstanding the prohibition on offsetting in Article 13(1)(8), income and expenses arising from assets and liabilities the value of which is effectively secured by other assets and liabilities may be offset against income and expenses arising from the hedging transactions.

Paragraph 2. The gross value of the amounts set off shall be disclosed in the notes.

Change in accounting policy

§ 51. If an entity changes its accounting policy, the financial statement items affected by the change shall be restated in accordance with the new policy by recognising the effect of the change directly in equity at the beginning of the period. Comparative figures shall be restated in accordance with the new practice.

Paragraph 2. Where an undertaking changes its accounting practice in order to recognise assets in accordance with Article 41(1), the change shall be recognised directly in equity. Revaluations shall be treated in accordance with Article 41(3). Comparative figures shall not be restated.

Paragraph 3. In the case of undertakings which have previously submitted annual reports in accordance with a set of rules other than this Act, the Danish Business Authority may lay down rules derogating from paragraphs 1 and 2 to the extent necessary to facilitate the transition to the application of this Act.

Changes in accounting estimates and errors

§ 52. Where amounts recognised for a previous period are changed as a result of a change in accounting estimate, the effect of the change shall be treated in the same way as the original estimate. Depreciation charged in previous years may not be reversed.

Paragraph 2. Where the financial statements for a previous financial year contain material errors, the amount of the correction shall be recognised directly in equity at the beginning of the financial year and the comparative figures for previous years shall be restated.

§ 52 a. Notes to the annual accounts shall be presented in the same order as the items of the profit and loss account and balance sheet to which they relate.

Chapter 8

Information

Note

Accounting policies applied

§ 53. The accounting methods and measurement bases (valuation) applied to the items in the balance sheet, profit and loss account, notes and management report shall be disclosed. In addition, the accounting category in which the entity presents its annual financial statements must be disclosed. If the amounts are stated in a currency other than Danish kroner or euro, as referred to in Article 16(2), the exchange rate of the stated currency as at the balance sheet date in relation to Danish kroner and the corresponding exchange rate as at the balance sheet date of the previous financial year shall be disclosed.

Paragraph 2. The statement shall indicate at least for the relevant items:

- 1) the recognition methods and measurement bases of assets and liabilities, including whether interest is included in cost and the methods and bases of any write-ups, write-downs, write-ups and write-downs. These include:
 - a) The valuation models and techniques used to determine fair value when assets or liabilities are measured at fair value in accordance with paragraphs 37 to 38 and fair value is not measured by reference to observable market data in an active market.
 - b) Depreciation method, residual value and useful life estimates for depreciation of fixed assets. The amortisation period for goodwill must be justified.
 - c) Methods of recognising and measuring net turnover, whether or not the entity fails to disclose net turnover, see paragraph 32.
- 2) The methods of conversion from foreign currencies to the chosen monetary unit.
- 3) The methods under section 50 for hedging the value of assets and liabilities and the methods for hedging assets and liabilities that the entity expects to receive or assume.
- 4) The recognition methods and measurement bases used in business combinations.
- 5) Treatment by cooperative societies of repayments from and to members.

§ 54. Where accounting estimates are changed, as referred to in Article 52, the changed estimates shall be explained and, as far as possible, the effect on assets, liabilities, financial position and profit or loss shall be disclosed. The same shall apply if the recognition and measurement of assets and liabilities are changed as a result of material errors.

§ 55. If the composition of the enterprise's activities has changed during the financial year, information must be provided to enable the enterprise to be compared year on year. However, the information may

be omitted if the comparative balance sheet and profit and loss account figures are adjusted to take account of changes during the financial year.

Paragraph 2. If the amounts for the financial year and the preceding year cannot be compared or have been adjusted, the non-comparability or the adjustment made must be stated and the reasons given in specific and detailed terms.

Equity

§ Section 55 a. The entity shall include a statement showing movements in the fair value reserve, as defined in section 49(3), during the financial year.

§ 56. (Repealed)

Active

§ 57. (Repealed)

§ 58. If an entity recognises non-current assets that are not revalued to fair value in accordance with paragraphs 37-38, the following disclosures are required:

- 1) The carrying amount in the balance sheet that would have been recognised if the revaluation pursuant to Article 41(1) had not been carried out.
- 2) About the item "Revaluation reserve" under equity:
 - a) The size at the beginning of the financial year,
 - b) inflow during the financial year,
 - c) reversals of previous years' revaluations,
 - d) depreciation for the year,
 - e) departure during the financial year and
 - f) the amount at the end of the financial year.
- 3) Recognition and measurement of the tax effect of movements in the revaluation surplus, see paragraph 2.

§ 58 a. For each category of assets or liabilities measured at fair value as defined in §§ 37-38, the following must be disclosed

- 1) fair value at the end of the period,
- 2) changes in fair value recognised directly in the income statement; and
- 3) changes recognised in the fair value reserve, as defined in Article 49(3), under equity.

Paragraph 2. Where assets or liabilities are measured at fair value in accordance with Articles 37 to 38 and fair value is not measured on the basis of observations in an active market, the key assumptions used in the calculation shall be disclosed.

Paragraph 3. The disclosures referred to in paragraph 2 may be made in respect of a class or group of assets or liabilities if the key assumptions underlying the fair value measurements of the class or group of assets or liabilities are not materially different.

§ Section 58 b. For derivative financial instruments measured at fair value on a recurring basis, as referred to in Section 37(1), the extent and nature of the instruments and material terms and conditions that may affect the amount, timing and certainty of future cash flows shall be disclosed.

Paragraph 2. The information referred to in paragraph 1 may be provided in aggregate for similar derivative financial instruments.

§ 58 c. The enterprise must disclose the positive and negative differences which are determined on initial recognition of equity interests in accordance with § 43 a. The differences are calculated in accordance with § 121, cf. §§ 122 and 123.

§ 59. If an entity recognises interest expense as part of the cost of assets, the amount of interest recognised for the year shall be disclosed for each item.

§ 60. If an entity has elected to recognise assets that are not owned by the entity, it shall disclose which recognised assets are not owned by the entity and their carrying amounts.

§ 61. (Repealed)

§ 62. Cooperatives shall declare the total amount of arrears from or repayments to cooperatives.

Commitments and contingent liabilities

§ 63. The part of the total debt of the enterprise which is due for payment more than five years after the balance sheet date must be disclosed.

§ 64. An entity shall disclose the aggregate amount of its contingent liabilities, including loan commitments, guarantee commitments and other contingent liabilities not recognised in the balance sheet.

Paragraph 2. If the enterprise has pledged or otherwise secured assets, it shall disclose this fact and indicate the total amount of pledges and securities and the carrying amount of the pledged assets and the secured assets respectively.

Paragraph 3. The commitments referred to in paragraph 1 and the pledges and guarantees referred to in paragraph 2 in respect of affiliated and associated undertakings respectively shall be disclosed separately.

§ 65. (Repealed)

Classification

§ 66. Arabic numerals which have been condensed for ease of reference shall be shown separately in the notes. The corresponding amounts for the previous financial year shall be shown.

§ 67. Where an asset or liability falls under more than one item in the schedules in Annex 2, schedule 1 or 2, its relationship to other items shall be disclosed in the notes or in the notes to the items.

Income statement

§ 67 a. The company must disclose the amount and nature of income or expense items that are special because of their amount or nature. This should include information on the year's

- 1) reversals of impairment losses on current assets,
- 2) impairment losses on current assets in excess of normal impairment losses,
- 3) depreciation of fixed assets and
- 4) reversals of impairment losses on fixed assets.

Related parties, etc.

§ 68. The enterprise must indicate the average number of full-time employees during the financial year.

§ 69. Funds covered by the Act on commercial funds must provide the information referred to in Article 98b.

Paragraph 2. If the foundation is the parent company of a group which, pursuant to §§ 110 and 111, does not prepare consolidated accounts, the annual accounts shall also disclose the total remuneration, etc., received by members of the foundation's board of directors and management board as members of the management of other companies in the group. The same shall apply if, pursuant to Article 114(2)(4), the fund is excluded from consolidation in the consolidated accounts.

Paragraph 3. Where transactions have taken place between the fund and its related parties, as referred to in Article 98c(2), the fund shall disclose in the annual accounts the nature of the relationship between the fund and the related parties and provide the information on transactions and balances necessary for an understanding of the possible impact of the relationship on the annual accounts. The information should include at least:

- 1) The nature and amount of transactions.

- 2) The amount of the balances and the conditions of these.
- 3) Impairment losses on receivables from related parties for the year and the accumulated impairment losses on existing receivables.

Paragraph 4. The Danish Commerce Authority may lay down additional rules on the disclosure of other remuneration or fees received by a member of the management, an administrator or others for advice or administration or the like for the fund, as well as on the manner of disclosure.

§ 70. If an occupational foundation is linked to an occupational undertaking or another foundation by a provision of its statutes or an agreement, this must be stated.

§ 71. The entity shall disclose the name and location of the parent entity that prepares consolidated financial statements for the smallest group in which it is a subsidiary.

§ 72. (Repealed)

§ 73. If an enterprise has a receivable from members of management, the enterprise should disclose the total of those receivables by each category of management. For each category, the principal terms, including the rate of interest, and the amounts repaid during the year should be disclosed. In addition, for each category, impairment losses on amounts recognised and whether amounts recognised have been waived, including partially waived, shall be disclosed. If a loan has been contracted and repaid during the year, this should be disclosed separately.

Paragraph 2. Paragraph 1 shall apply mutatis mutandis to guarantees given to the said circle of persons.

§ 74. (Repealed)

§ 75. (Repealed)

§ 76. (Repealed)

Management Report

§ 76 a. The management report
shall

- 1) describe the company's main activities and
- 2) explain any significant changes in the company's activities and financial situation.

§ 77. If an enterprise holds its own shares, it shall disclose

- 1) the number and nominal value or, in the case of shares without nominal value, the accounting par value, indicating the percentage of the undertaking's capital stock represented by its own shares,
- 2) the number and nominal value, or in the case of shares without nominal value, the accounting par value, stating the percentage of the undertaking's capital stock represented by the shares acquired and disposed of during the financial year and the total amount of the purchases and sales respectively, and
- 3) reasons for acquisitions of own shares during the year.

Paragraph 2. Paragraph 1 shall apply mutatis mutandis to own shares acquired by the undertaking as security.

§ 77 a. Funds covered by the Act on Business Foundations must include the board's statement on good fund management, cf. § 60 of the Act on Business Foundations. If the board prepares a management report, the report may be placed in the management report.

Paragraph 2. The Danish Commerce Authority may decide that the statement referred to in paragraph 1 need not be included in the management report or the notes if the management report or the notes contain a reference to the fund's website where the statement is published. The Danish Commerce Authority shall lay down detailed rules in this regard, including on the updating of the information on the website by the fund and the duties of the auditor in relation to the information published on the website.

§ 77 b. Funds covered by the Act on Commercial Funds must include a statement of the fund's distribution policy. As part of the statement, the foundation shall disclose the main categories to which the board has made distributions during the financial year and the amount of the distributions to each main category, unless the board has included the list of legatees in the annual report. If the board prepares a management report, the statement may be placed in the management report.

Paragraph 2. The Danish Commerce Authority may decide that the statement referred to in paragraph 1 shall not be included in the management report or the notes if the management report or the notes contain a reference to the home page of the fund where the statement is published. The Danish Commerce Authority shall lay down detailed rules in this regard, including on the updating of the information on the website and the duties of the board of directors and the auditor in relation to the information published on the website.

Section IV

Accounting class C

Chapter 9

Preparation of the annual report General provisions

§ 78. An entity in accounting class C shall prepare an annual report that is at least Without prejudice to Article 9a(1), the annual accounts shall comprise a management report, a balance sheet, a profit and loss account, a statement of changes in equity, a cash-flow statement, notes to the accounts and a management report.

Paragraph 2. When annual accounts and consolidated accounts, if any, have been audited, the audit report shall
etc. in the annual report, cf. section 135(1) and (7).

Paragraph 3. §§ 11-17, § 19, paragraphs 1, 2 and 4, § 20, paragraph 2, §§ 23-29 and 32-39, § 40, 1st and 3rd indent, §§ 41-43 a, §
Paragraphs 1 and 3 of Article 44 and Articles 45 to 64, 66 to 70, 73, 77 to 77b, 78a and 80 to 101 shall apply.

Paragraph 4. If the rules in sections 23-29 and 32-39, section 40(1) and (3), sections 41-43a, section 44(1) and (3), and sections
45-64, 66-70, 73, 77-77 b and 78 a in violation of the rules of §§ 80-101, the rules of §§ 80-101 shall prevail.

Paragraph 5. Where an entity wishes to prepare an annual report in accordance with International Accounting Standards, section 137 and the rules made pursuant to section 137a shall apply.

Paragraph 6. If the information of a parent undertaking is the same as that of the group, the parent undertaking may omit the information from its own annual accounts and management report.

Par. 7. The first time that an undertaking which has been subject to accounting classes A or B or which has ceased to apply section 78a submits an annual report in accordance with the rules of accounting class C, the undertaking may avail itself of the following relaxations:

- 1) For the recognition of costs that are only indirectly attributable to inventories manufactured, see IAS 27.
§ Section 82, the enterprise may simply allocate these overheads to inventories produced from the financial year onwards.
- 2) The recognition of intangible assets in the form of development projects, as referred to in paragraph 83, may be effected in such a way that only matters arising from the financial year onwards are included.
- 3) The recognition of assets not owned by the entity in accordance with paragraph 83(a) may be limited to events occurring on or after the balance sheet date.
- 4) Recognition under the production method, in accordance with Article 83b, may be made in such a

way that only events occurring on or after the financial year are included.

- 5) For those items in the financial statements which are affected by changes in accounting policies and measurement bases, comparative figures under Article 24 may, for periods prior to the financial year, be determined using the methods previously applied.

Exemption for medium-sized subsidiaries

§ Notwithstanding Article 7(1)(3), subsidiary undertakings which are medium-sized undertakings within the meaning of Article 7 may choose to present their annual report in accordance with the provisions of accounting category B as set out in Title III, with the exception of the provisions of Articles 22a and 22b, if

- 1) the accounts of the subsidiary are fully consolidated in the consolidated accounts of a parent undertaking,
- 2) the parent company is governed by the laws of an EU/EEA country,
- 3) the consolidated financial statements have been prepared in accordance with the rules of this Act or, if the parent undertaking concerned is foreign, in accordance with the rules of Directive 2013/34/EU of the European Parliament and of the Council, as amended, and have been audited and published in accordance with those rules,
- 4) all participants in the subsidiary have agreed to the procedure for the financial year in question,
- 5) the parent undertaking has declared that it will meet the subsidiary's existing liabilities and obligations arising in the period until the subsidiary has submitted an annual report for a subsequent financial year for which the exemption has not been applied and that annual report has been received and published in accordance with the rules in Chapters 19 and 20; and
- 6) it is disclosed in both the subsidiary's annual report and the consolidated financial statements referred to that the subsidiary has filed an annual report with reference to this paragraph.

Paragraph 2. Subsidiaries applying the exemption in paragraph 1 may have the audit of their annual accounts and any consolidated accounts carried out in accordance with the Danish Business Authority's standard declaration for small enterprises, cf. section 135(1), second indent.

Paragraph 3. Subsidiaries applying the exemption provided for in paragraph 1 shall submit their annual report together with the documents referred to in Article 146a.

Classification and listing

§ 79. (Repealed)

§ 80. An entity shall present separately, in a line item of the income statement and balance sheet respectively, those activities that are to be disposed of, closed down or abandoned according to an overall plan, unless they cannot be separated from the other activities.

Paragraph 2. The items summarised in one line in the profit and loss account and the balance sheet respectively in accordance with paragraph 1 shall be shown in the profit and loss account.

1, must be specified in the notes.

§ Section 81. Section 32 on exemptions for disclosure of net turnover etc. does not apply to large enterprises. They must therefore show net turnover in the profit and loss account, together with items 2 to 5 listed in Annex 2, Table 3, or items 2, 3 and 6 listed in Annex 2, Table 4.

Chapter 10

Recognition and

measurement

Balance sheet

§ 82. An enterprise shall include in the cost of inventories manufactured by it the cost of indirectly attributable to inventories if the costs relate to the period of production.

§ 83. Large enterprises must include development projects aimed at developing a specific product or process that the enterprise intends to manufacture or use in production. This includes patents and other intangible assets resulting from a development project.

Paragraph 2. Where development projects are recognised in accordance with paragraph 1, an amount equal to the recognised development costs shall be recognised directly in the 'Reserve for development costs' in equity. The second and third indents of Article 41(3) shall apply mutatis mutandis to this reserve.

§ 83 a. The entity shall recognise all assets that meet the definition of assets in Appendix I, C, item 1, regardless of whether the entity has ownership of the asset.

Income statement

§ Section 83 b. The exemption in section 49(1), second indent, shall not apply to undertakings included in accounting class C.

§ 84. (Repealed)

§ 85. (Repealed)

Cash flow statement

§ 86. In the cash flow statement, cash receipts and payments shall be recognised at the time of payment, regardless of when they are recognised in the economic outturn account or the balance sheet.

Paragraph 2. The cash-flow statement shall show at least the cash flows for the period broken down into operating, investing and financing activities. In addition, the cash-flow statement shall show separately changes in cash and cash equivalents and the cash position at the beginning and end of the period.

Paragraph 3. The corresponding amounts for the items in the previous financial year shall be shown. If the items are not directly comparable with those of the previous year, the latter shall be adjusted. However, the enterprise may omit to restate comparative figures if the lack of comparability is due to changes in the enterprise's activities. Items in the cash flow statement that do not include an amount for the year should be included only if the previous annual report includes such an item.

Paragraph 4. An undertaking may refrain from preparing a cash-flow statement if it is included in a group cash-flow statement.

Statement of changes in equity

§ 86 a. The statement of changes in equity shall disclose for each item

- 1) the amount at the beginning of the financial year,
- 2) inflow during the financial year,
- 3) departure during the financial year and
- 4) the amount at the end of the financial year.

Paragraph 2. The content of the movements for the year in the statement of changes in equity shall be disclosed in the denomination or in the notes.

Paragraph 3. The statement referred to in paragraph 1 shall show separately additions to and disposals from the items 'Revaluation reserve' and 'Reserve for development expenditure' and amounts charged directly to equity pursuant to Article 49(2)(3) and (4).

Paragraph 4. The management's proposal for a decision on the appropriation of surplus or recovery of deficit shall be disclosed in the statement.

Chapter 11

Information

Note

Accounting policies applied

§ 87. In addition to the disclosures required by paragraph 53, the statement of accounting policies shall disclose the methods of recognition and measurement of cash flows, including,

what the entity attributes to cash and cash equivalents. This should be disclosed separately if the entity has failed to prepare a cash flow statement in accordance with section 86(4).

Paragraph 2. The undertaking shall disclose in the management report the methods used to compile the key figures included in the management report.

Company capital

§ 87 a. If the business capital of a capital company consists of several classes, these must be specified, cf. paragraphs 2 and 3.

Paragraph 2. The number of shares or units and their nominal value shall be indicated for each class. In the case of shares without nominal value, the par value entered in the accounts shall be given for each class.

Paragraph 3. In the case of public limited-liability companies, the number and nominal value or, in the case of shares without a nominal value, the accounting par value shall be given.

Paragraph 4. Where new shares in a public limited-liability company, private limited-liability company or partnership have been subscribed for during the financial year, the number and nominal value or, in the case of shares without nominal value, the accounting par value shall be disclosed.

Active

§ 88. For each item under fixed assets, the cost, revaluation, depreciation and amortisation shall be disclosed as follows

- 1) Cost:
 - a) The cost at the end of the previous financial year excluding depreciation and amortisation,
 - b) approach during the year, including improvements,
 - c) departure during the year,
 - d) transfers during the year to other items and
 - e) the total cost at the balance sheet date.
- 2) Write-ups:
 - a) Revaluations at the end of the previous financial year,
 - b) revaluations for the year,
 - c) reversals of prior years' revaluations and
 - d) the total revaluations at the balance sheet date.
- 3) Depreciation and amortisation:
 - a) Write-downs and write-offs at the end of the previous period,
 - b) depreciation for the year,
 - c) depreciation for the year,
 - d) depreciation and amortisation of assets disposed of and retired,
 - e) the reversal in the year of previous years' impairment losses and the reversal of the total write-downs on assets disposed of or retired during the year; and
 - f) total depreciation and amortisation at the balance sheet date.

Paragraph 2. Paragraph 1 shall apply mutatis mutandis to each item of fixed assets measured at fair value in accordance with Articles 37 to 38 or at intrinsic value in accordance with Article 43a.

§ Section 88a. An entity shall disclose the specific assumptions underlying the recognition and measurement of development projects and tax assets.

§ 88 b. If an entity has financial assets measured at cost that are carried at a higher amount than their fair value, the entity shall disclose the fair value of the assets, the carrying amount and the reason why no impairment loss was recognised. It shall also disclose the evidence on which the assumption that the carrying amount will be recovered is based.

Paragraph 2. The information may be provided in aggregate for similar groups of fixed assets.

§ 89. The entity shall explain the deferred items included as assets in the balance sheet in accordance with paragraph 27(1).

Paragraph 2. Where the replacement value of an inventory differs from its cost as determined in accordance with

§§ sections 44, 45 and 82, the enterprise shall disclose the amount of the difference for each item.

§ 90. (Repealed)

§ Section 90a. An entity shall disclose any recognised assets that are not owned by the entity and their carrying amounts in accordance with section 83a.

§ Section 90 b. Large companies must disclose the nature and value of their contingent assets.

Commitments

§ 91. The company must explain

- 1) accruals included as liabilities in the balance sheet in accordance with Article 27(2), and
- 2) provisions, cf. § 47.

§ 92. For each item under liabilities, the part falling due for payment more than five years after the balance sheet date must be disclosed.

§ 93. Where the undertaking has contracted loans against the issue of convertible debentures, the amount outstanding, the conversion rate, the period allowed for conversion into shares and any other rights attaching thereto must be stated for each loan. Where loans are taken out against bonds or other debt securities bearing interest, the amount of which depends wholly or partly on the dividends declared by the undertaking or on the profit for the year, the amount outstanding and the agreed rate of interest must be stated for each loan.

Paragraph 2. The first indent of paragraph 1 shall apply mutatis mutandis to other rights issued by the undertaking which could result in the cancellation of existing shares or the issue of new shares in the undertaking. The information shall be given for each right.

Paragraph 3. Where a creditor has declared his intention to withdraw in favour of all the other creditors of the undertaking in order to recover their claims on the undertaking, the amount outstanding, the due date and any special conditions for withdrawal shall be disclosed for each obligation covered by the withdrawal.

Provisions

§ 93 a. For deferred tax, see § 47, at least the amount must be disclosed

- 1) at the end of the previous financial year,
- 2) recognised in the income statement during the period,
- 3) recognised directly in equity during the period and
- 4) at the balance sheet date.

Contingent liabilities, etc.

§ 94. If the enterprise has pledged assets or provided other security, it should disclose the extent of the pledges and the carrying amount of the pledged assets, itemised.

§ Section 94 a. An entity shall disclose off-balance sheet arrangements, including the use of entities or activities for a specific economic, legal, tax or accounting purpose, if the disclosure is necessary for an assessment of the entity's financial position.

Paragraph 2. The information referred to in paragraph 1 shall include the nature and business purpose of the arrangements. The undertaking shall also disclose the risks and benefits associated with the arrangements and their financial impact.

§ 94 b. The information on contingent liabilities referred to in Article 64(1) shall be given separately for guarantees and other contingent liabilities not included in the balance sheet.

Paragraph 2. For leasing contracts disclosed in accordance with Article 64(1), the commitments under the contracts shall be disclosed separately unless the commitments are included in the balance sheet.

Income statement

§ 95. The entity shall account for income and expenses arising from changes in accounting estimates in accordance with section 52.

§ 95 a. The company must disclose the management's proposal for a decision on the use of the company's profits or the covering of losses. The management's proposal for dividend shall be disclosed as a separate item in equity under 'Surplus or deficit brought forward', as set out in Schedule 1 or 2 to Annex 2.

Paragraph 2. If extraordinary dividends have been distributed during the financial year, this must be disclosed. If extraordinary dividends have been distributed after the end of the financial year, this must also be disclosed.

Paragraph 3. The provision of the information referred to in paragraphs 1 and 2 shall exempt the undertaking from providing the information required under Article 31.

§ 96. Large enterprises must disclose the breakdown of net turnover by activities and by geographical markets if these activities and markets differ significantly in the way in which they organise the sale of goods and services. The breakdown must take account of the way in which sales of goods and services forming part of the undertaking's primary activity are organised. The information may be omitted if it would be significantly prejudicial to the enterprise. Reasons must be given for the omission. Article 11(2) shall not apply to information omitted pursuant to paragraph 3.

Paragraph 2. A large firm shall disclose the total fees for the financial year to the audit firm carrying out the statutory audit and to the audit firm's subsidiaries. The disclosure shall be broken down into the fees for the statutory audit of the annual accounts, the fees for other assurance services, the fees for tax advisory services and the fees for other services. For the amounts referred to in point 1, the corresponding amounts for the previous financial year shall be indicated.

Paragraph 3. An undertaking may omit the information referred to in paragraph 2 if, on full consolidation, its accounts form part of consolidated accounts in which the information is given for the group as a whole and the consolidated accounts are prepared by a parent undertaking governed by the law of an EU/EEA country.

Related parties, etc.

§ 97. The undertaking shall separately disclose the total collateral, as defined in Article 94, of any subsidiary undertaking and the total collateral of any other related undertaking.

§ 97 a. The undertaking shall disclose the name, registered office and legal form of each participating interest, subsidiary and associate and of each partnership or limited partnership in which the undertaking is a partner or general partner.

Paragraph 2. The undertaking shall also disclose for each participating interest, subsidiary and associate,

- 1) the percentage held by the undertaking, and
- 2) the amount of equity and profit or loss according to the latest approved annual report.

Paragraph 3. The information referred to in paragraph 2(2) may be omitted if

- 1) the participating interest or associate concerned does not publish an annual report,

- 2) the accounts of the subsidiary or associate concerned are consolidated in the consolidated accounts of the entity; or
- 3) the entity recognises the investment in the associate, subsidiary or associate at its carrying amount.

Paragraph 4. The information referred to in paragraph 1 may be omitted if it would significantly harm the undertaking itself or the undertakings referred to in paragraph 1. The application of paragraph 1 shall be disclosed.

§ Section 97 b. The entity shall disclose the name and registered office of the parent entities preparing consolidated financial statements for the largest and smallest group, respectively, in which the entity is a subsidiary. It must also state where the consolidated accounts of the foreign parent undertakings concerned can be obtained.

§ 98. The enterprise must provide information in accordance with § 77 for shares in the enterprise held by subsidiaries for ownership or as security, or acquired or disposed of by subsidiaries during the financial year.

§ 98 a. The enterprise's personnel costs must be itemised in wages, pensions and other social security costs, unless this is shown in the profit and loss account.

§ Section 98 b. The company shall disclose the total remuneration, etc., for the financial year to current and former members of the management for their function, broken down for each management body and, where no management body has been appointed, for the owners. In addition, the company should disclose the total pension obligations of those persons. If there are special incentive programmes for directors, the category of directors to whom the programme applies, the benefits covered by the programme and the information necessary to assess its value should be disclosed.

Paragraph 2. The corresponding data and amounts for the previous financial year shall be indicated.

Paragraph 3. Where the information referred to in paragraph 1 would lead to amounts being shown for a single member of a management category, the amounts may instead

- 1) be given for two categories together, or
- 2) omitted if only one category receives remuneration etc., pension or special incentive scheme.

§ 98 c. If transactions have taken place between the entity and its related parties as described in paragraph 2, the entity shall disclose the nature of the relationship between the entity and the related parties and provide the information about transactions and balances necessary for an understanding of the possible effect of the relationship on the financial statements. The information shall include at least

- 1) the nature and amount of the transactions,
- 2) the amount of the balances and the conditions of these,
- 3) impairment losses on receivables from related parties and
- 4) the accumulated depreciation on existing receivables.

Paragraph 2. Related parties shall be defined in accordance with the definition set out in International Accounting Standard (IAS) 24, as adopted by the Commission in accordance with the Regulation of the European Parliament and of the Council on the application of international accounting standards, and any subsequent amendments to that definition adopted by the Commission in accordance with that Regulation.

Paragraph 3. The information referred to in paragraph 1 may be omitted where the transactions are between the undertaking and one or more of its wholly-owned subsidiaries.

Paragraph 4. Information on individual transactions referred to in paragraph 1 may be grouped according to their nature, unless separate information is necessary to understand the effects of related party transactions on the financial position of the entity.

Paragraph 5. In addition to the information referred to in paragraph 1, point 1, the undertaking shall disclose the names of the related parties which have a dominant influence over the undertaking. The information shall include the name, place of residence and, in the case of undertakings, the registered office, and the basis on which the controlling influence is exercised.

Paragraph 6. Paragraphs 1 and 3 to 5 shall not apply to foundations which are subject to the law on commercial foundations.

Par. 7. The information referred to in paragraph 1 may be limited to transactions which are not carried out under normal market conditions. The application of paragraph 1 shall be disclosed.

§ Article 98 d. A description shall be given of the nature of significant events which have occurred since the end of the financial year and their financial impact.

Management Report

§ 99. The management report shall

- 1) describe the main activities of the company,
- 2) describe any uncertainty in recognition or measurement, stating amounts where possible,
- 3) describe any unusual circumstances that may have affected the recognition or measurement, specifying amounts where possible,
- 4) explain the development of the company's activities and financial situation,
- 5) describe the expected development of the business, including any special assumptions and uncertainties on which management has based the description,
- 6) describe the company's knowledge resources if they are of particular importance for future earnings,
- 7) describe the company's impact on the external environment and measures to prevent, reduce or remedy damage to it,
- 8) describe research and development activities in or for the company; and
- 9) mention branches abroad.

Paragraph 2. Where it is essential to assess the assets, liabilities, financial position and profit or loss of the undertaking, the management report shall, in relation to the undertaking's use of financial instruments, describe

- 1) the entity's objectives and policies for managing financial risks, including the entity's hedging policy for all major classes of forecast transactions for which hedging is used; and
- 2) the entity's exposure to possible changes in prices, creditworthiness, liquidity and cash flows.

Paragraph 3. Paragraph 1(7) shall not apply to undertakings covered by Section 99a which have an environmental policy.

§ 99 a. Large companies must supplement the management report with a non-financial statement on corporate responsibility. The statement shall include information on environmental matters, including the company's efforts to reduce the climate impact of its activities, social matters, human resources matters and matters relating to respect for human rights, the fight against corruption and bribery. The disclosure shall ensure an understanding of the company's development, performance and position and the impact of the company's activities on the matters referred to in point 2.

Paragraph 2. The statement shall include information on the corporate social responsibility policies of the company in relation to the matters referred to in paragraph 1, including any corporate social responsibility standards, guidelines or principles applied by the company. If the company has chosen not to have a policy for one or more issues, the statement shall include a clear and reasoned explanation. For each matter for which the company has a policy, the following information shall be provided:

- 1) The content of the company's corporate social responsibility policies.
- 2) How the company translates its corporate responsibility policies into action, including any systems or procedures for doing so.

- 3) Due diligence processes, if the company uses such processes.
- 4) The company's assessment of the results achieved as a result of its corporate social responsibility work during the financial year and its expectations for future work.

Paragraph 3. Irrespective of whether the undertaking has policies on the matters referred to in paragraph 1, the statement shall contain the following:

- 1) A short and precise description of the company's business model.
- 2) Information on the principal risks associated with the matters referred to in paragraph 1 in relation to the undertaking's business activities, including, where relevant and proportionate, in relation to the undertaking's business relationships, products or services, which have a particular risk of adversely affecting the matters referred to in paragraph 1. Information shall be provided on how the undertaking manages those risks.
- 3) Information on key non-financial performance indicators relevant to specific business activities.
- 4) Where applicable, references to and further explanation of amounts reported in the financial part of the accounts.

Paragraph 4. The undertaking may, in exceptional cases, withhold information pursuant to paragraphs 2 and 3 if disclosure of the information in question would be likely to cause significant damage to the undertaking in connection with ongoing negotiations or litigation. However, omission of information shall not prevent the statement from giving a fair and balanced view of the development, performance and position of the company and of the effect of its activities on the matters referred to in paragraph 1. Where the exemption in paragraph 1 is used, the company shall disclose in its corporate social responsibility statement that the company has made use of this exemption.

Paragraph 5. The statement referred to in paragraphs 1 to 4 shall be included in the management report. However, the company may instead choose to provide the statement

- 1) in a supplementary report to the annual report referred to in Article 14, to which reference is made in the management report; or
- 2) on the company's website, to which reference is made in the management report.

Paragraph 6. For undertakings preparing consolidated accounts, it shall be sufficient for the information referred to in paragraphs 1 to 4 to be given for the group as a whole.

Par. 7. A subsidiary undertaking which is part of a group may omit the information from its management report if a parent undertaking complies with the disclosure requirements set out in paragraphs 1 to 4. If the exemption in paragraph 1 is applied, the subsidiary shall disclose this fact, including which parent undertaking has included the statement and where it has been published.

Paragraph 8. A company may refrain from preparing a statement under paragraphs 1 to 4 if the company discloses its corporate social responsibility policies in accordance with international guidelines or standards that contain the disclosure requirements set out in paragraphs 1 to 4. The second subparagraph of paragraph 2 shall apply mutatis mutandis if the statement prepared in accordance with international guidelines or standards does not cover the matters referred to in paragraph 1. *Paragraph 9.*

The Danish Commerce Authority shall lay down detailed rules on the publication of the statement in a supplementary report to the annual report and rules on the auditor's duties in relation to the information published therein, cf. paragraph 5, point 1. The Danish Commerce Authority shall lay down detailed rules on the publication of the statement on the company's website, including rules on the company's updating of the information on the website and rules on the auditor's duties in relation to the information published on the website, cf. paragraph 5, point 2.

paragraph 5, point 2.

Paragraph 10. The Danish Business Authority shall lay down detailed rules on the conditions under which a company may disclose information on corporate social responsibility in accordance with international guidelines or standards.

§ Section 99 b. Companies which, under the company law applicable to the company, are obliged to set target figures for the proportion of the under-represented sex shall, irrespective of whether the company meets the conditions for exemption from the obligation to set target figures, include in the management

report a summary as at the balance sheet date of the following:

- 1) The total number of members of the highest governance body, excluding any employee-elected members, and the percentage of the under-represented sex.
- 2) The total number of persons at other levels of management in the enterprise and the percentage of the under-represented sex.
- 3) The figures referred to in points 1 and 2 for the 4 previous financial years.

Paragraph 2. In addition to the information provided in the table referred to in paragraph 1, undertakings which are required by the company law applicable to the undertaking to set target figures for the proportion of the under-represented sex shall disclose the following:

- 1) Target percentage of under-represented gender in the highest governance body, including the year by which the target is expected to be met.
- 2) Target percentage of under-represented gender at other levels of management in the company, including the year by which the target is expected to be met.
- 3) The figures referred to in points 1 and 2 for the 4 previous financial years.

Paragraph 3. An enterprise which, at the balance sheet date, has an equal number of men and women at senior management or other levels of management shall state this fact in the table referred to in paragraph 1.

Paragraph 4. Undertakings which, under the company law applicable to them, are exempted from the obligation to draw up target figures because they employed fewer than 50 persons during the last financial year shall state this fact in the table referred to in paragraph 1.

Paragraph 5. In addition to the statement referred to in paragraph 1, the undertaking shall provide the following information:

- 1) Status of achievement of the target figure referred to in paragraph 2(1).
- 2) The main actions taken during the financial year to meet the target figure.
- 3) If applicable, the reason why the target figure is not met.

Paragraph 6. In addition to the table referred to in paragraph 1, undertakings required to disclose target figures under paragraph 2(2) shall disclose the undertaking's policy for increasing the proportion of the under-represented sex at other levels of management in the undertaking, including the following:

- 1) The main content of the policy.
- 2) The main actions taken by the company during the financial year to achieve the target figure and to translate its policy into action.
- 3) The status of achievement of the target figure and, where relevant, the reason for non-compliance.

Par. 7. The first time that an enterprise is required to provide information under paragraph 1, the enterprise shall include information only for the financial year in question in the summary referred to in paragraph 1. In subsequent financial years, the enterprise shall supplement the summary with information for previous financial years for which the enterprise has included information in the summary under paragraph 1.

§ Section 99 c. Large enterprises engaged in exploration, prospecting, discovery, development and extraction of mineral, oil and natural gas deposits, etc., or in logging of primary forests, shall supplement the management report with a report on payments to authorities, subject to paragraph 4. For this purpose, authorities shall mean any national, regional or local authority, whether in Denmark or abroad, including a department, agency or undertaking, which is controlled by that authority in the same way as a subsidiary is controlled by a parent undertaking.

Paragraph 2. Without prejudice to paragraphs 4, 6 and 7, the report shall contain the following information concerning payments made during the financial year

- 1) The total payments made to each authority.
- 2) The total amounts per type of payment to each authority for
 - a) production rights,
 - b) taxes on the income, production or profits of the enterprise, other than taxes on consumption,
 - c) royalties,

- d) yield,
- e) signature, discovery and production bonuses,
- f) licence fees, rental fees, access fees and other fees for licences or concessions; and
- g) payments for infrastructure improvements.

Paragraph 3. Where payments are attributed to a specific project, information shall also be provided on the aggregated amounts per type of payment referred to in paragraph 2, point 2, made for each project. In addition, the total payments made to each project shall be disclosed.

Paragraph 4. The company may omit a payment of less than DKK 750,000 from the report. This shall apply whether the payment is made as a single payment or as a series of linked payments, provided that the total series of payments does not exceed DKK 750 000 in the financial year.

Paragraph 5. The report on payments to authorities shall be provided in conjunction with the management report. However, the entity may choose to provide the report on payments to authorities

- 1) in a supplementary report to the annual report referred to in Article 14 and referred to in the management report, in accordance with rules made pursuant to paragraph 9; or
- 2) on the company's website, as referred to in the management report, in accordance with rules issued pursuant to paragraph 9.

Paragraph 6. For undertakings preparing consolidated accounts, it shall be sufficient for the information referred to in paragraphs 1 to 3 to be given for the group as a whole.

Par. 7. An undertaking covered by paragraph 1 which is a subsidiary of a parent undertaking governed by the law of an EU/EEA country may refrain from preparing itself a report on payments to authorities to the extent that the information required by paragraphs 1 to 3 is included in the parent undertaking's report on payments to authorities.

Paragraph 8. The Danish Commerce Authority shall lay down rules to the effect that undertakings covered by paragraph 1 or section 128a(1) which prepare and publish a report on payments to authorities which is deemed to meet the requirements of this Act shall be exempted from the requirements of paragraphs 1 to 7. However, the exemption shall not include the obligation to publish the report in question.

Paragraph 9. The Danish Commerce Authority shall lay down detailed rules on the publication of the report on payments to authorities in a supplementary report to the annual report and detailed rules on the auditor's duties in relation to the information published therein, cf. paragraph 5, point 1. The Danish Commerce Authority shall lay down detailed rules on the publication of the report on payments to authorities on the company's website, including rules on the company's updating of the information on the website and on the auditor's duties in relation thereto, cf. paragraph 5, point 2.

§ Section 99 d. Large companies that have a data ethics policy must supplement the management report with a statement of the company's data ethics policy. The statement shall include information on the company's work on and policy on data ethics issues. If the company does not have a data ethics policy, the management report should include a statement explaining the reasons for this.

Paragraph 2. For undertakings which prepare consolidated accounts, it shall be sufficient for the information referred to in paragraph 1 to be given for the group as a whole.

Paragraph 3. A subsidiary undertaking which is part of a group may omit the information from its management report if a parent undertaking complies with the disclosure requirements laid down in paragraph 1. If the exemption in paragraph 1 is applied, the subsidiary shall disclose this fact, including which parent undertaking has included the statement and where it has been published.

Paragraph 4. The Danish Commerce Authority shall lay down detailed rules on the omission of the statement from the management report if the management report contains a reference to the company's website where the statement is published and on the auditor's duties in relation to the information published on the website.

§ 100. The management report shall describe the results for the year compared with the expected development according to the latest published annual report and give reasons for any difference between those results and the expected development.

§ 101. The management report shall include a summary of

- 1) the net turnover, the profit or loss on ordinary activities, the profit or loss on financial items, the net profit or loss, the balance sheet total, the investments in tangible fixed assets, the capital and reserves and the key ratios required by the circumstances of the entity; and
- 2) the figures referred to in point 1 for the four previous financial years.

Paragraph 2. Without prejudice to paragraph 3, the provisions of Article 24(1), second and third indents, and Article 55(1) and (2) shall apply mutatis mutandis to the list referred to in paragraph 1. In the case of medium-sized enterprises, Section 32 shall apply to the net turnover referred to in paragraph 1(1).

Paragraph 3. However, by way of derogation from paragraph 2, an undertaking may omit to restate comparative figures for the second and fourth preceding financial years in the table referred to in paragraph 1 if it has changed its accounting practices. In that case, a statement to that effect shall be included with the statement, giving an overall view of the impact of the change in accounting policy on the comparative figures.

Paragraph 4. An undertaking which is the parent undertaking of a group may omit the statement referred to in paragraph 1 from its annual accounts if it presents consolidated accounts in which a statement referred to in paragraph 1 is presented for the group.

Section V

Accounting class D

Chapter 12

Preparation of the annual

report General provisions

§ 102. An entity in accounting class D shall prepare an annual report that, in the At least, it consists of a management report, balance sheet, income statement, statement of changes in equity and cash flow statement, notes and a management report.

Paragraph 2. When annual accounts and consolidated accounts, if any, have been audited, the audit report shall
etc. in the annual report, cf. section 135(1) and (7).

Paragraph 3. §§ 11-17, § 19, paragraphs 1, 2 and 4, § 20, paragraph 2, §§ 23-29 and 32-39, § 40, 1st and 3rd indent, §§ 41-43 a, § 44(1) and (3), §§ 45-64, 66-70, 73, 77-77b and 80-95a, § 96(1) and (2), and §§ 97-101 and 103-108 shall apply, without prejudice to § 137.

Paragraph 4. If the rules in sections 23-29 and 32-39, section 40(1) and (3), sections 41-43a, section 44(1) and (3), and sections 45-64, 66-70, 73 and 77-77b contrary to the rules laid down in Sections 80-95a, 96(1) and (2) and 97-101, the rules in §§ 80-95 a, § 96, paragraphs 1 and 2, and §§ 97-101 shall prevail.

Paragraph 5. Will rules in §§ 23-29 and 32-39, § 40, 1st and 3rd point, §§ 41-43 a, § 44, paragraph 1 and 3, §§ 45-64, 66-70, 73, 77-77b and 80-95a, § 96(1) and (2) and §§ 97-101 contrary to the rules in §§ 103-108, the rules in §§ 103-108 shall prevail.

Paragraph 6. Where the rules in sections 80 to 95a, 96(1) and (2) and 97 to 101 contain differences in the requirements for medium-sized and large enterprises, an enterprise in accounting class D shall, irrespective of its own size, follow the rules for large enterprises.

Par. 7. State-owned joint stock companies which have securities admitted to trading on a regulated market in an EU/EEA country must follow the rules for companies which have securities admitted to
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trading on a regulated market in an EU/EEA country, where these rules differ from the rules of this Act for state-owned joint stock companies.

Paragraph 8. If the information of a parent undertaking is the same as that of the group, the parent undertaking may omit the information from its own annual accounts and management report.

Classification and listing

§ 103. Whatever the size of the enterprise, the profit and loss account shall show the net turnover together with the items listed in Annex 2, Table 3, Nos 2 to 5, or the items listed in Annex 2, Table 4, Nos 2, 3 and 6.

Information

§ 104. The company must disclose the full name and residence, in the case of companies the registered office, and the exact ownership and voting interest of each person holding shares in the company, where the voting rights of the shares represent at least 5 per cent of the voting rights of the share capital or their nominal value represents at least 5 per cent of the share capital, but at least DKK 100,000.

§ 105. Parent companies must disclose if not all subsidiaries' annual reports are audited by at least one of the parent company's auditors, one of their foreign associates or by a recognised international audit firm.

§ 106. By way of derogation from section 98b(3), the company shall disclose the information on remuneration etc. of directors referred to in section 98b(1) and (2).

§ 106 a. (Repealed)

Management Report

§ 107. Information shall be provided on the directorships held by directors in other business undertakings other than the wholly-owned subsidiaries of the limited liability company. By way of derogation from paragraph 1, where the person concerned is a member of the management of both another parent company and one or more of its wholly-owned subsidiaries, it shall be sufficient to disclose the name of that parent company and the number of its subsidiaries in which the person concerned is a member of the management.

Paragraph 2. Where information on expected developments has been published during the year, the information referred to in Article 100 shall be given in relation to the most recently published description.

§ Section 107 a. A company which has one or more classes of shares with associated voting rights admitted to trading on a regulated market in an EU/EEA country must supplement the management report with information which creates transparency about the company's affairs with the aim of facilitating the free movement of the company's shares. The information shall include the following:

- 1) Matters relating to the capital structure and ownership of the company, including
 - a) the number of shares with associated voting rights and their nominal value,
 - b) the proportion of shares with attached voting rights that are not admitted to trading on a regulated market in an EU/EEA country,
 - c) the specification of the different classes of shares as referred to in Article 87a, if the company has several classes of shares; and
 - d) information on ownership and voting rights, etc., as specified in Article 104.
- 2) Information known to the company concerning
 - a) rights and obligations attaching to each class of shares,
 - b) restrictions on the transferability of shares and
 - c) voting restrictions.
- 3) Rules for the appointment and replacement of members of the company's supreme management body and for amending the company's articles of association.
- 4) the powers of the management, in particular as regards the possibility of issuing shares pursuant to Article 155 of the Companies Act or of acquiring own shares pursuant to Article 198 of the Companies Act
- 5) Material agreements entered into by the company which become effective, are modified or expire if control of the company changes as a result of a completed takeover bid, and the effects thereof. The

information referred to in point 1 may, however, be omitted if disclosure would

serious harm to the Company, unless the Company is expressly required to disclose such information under other law. The omission of information pursuant to paragraph 2 shall be cited.

- 6) Agreements between the company and its management or employees under which they receive compensation if they resign or are dismissed without valid reason or their position is terminated as a result of a takeover bid.

Paragraph 2. Companies to which paragraph 1 applies may omit the information referred to in Articles 87a and 104 from the notes.

§ Section 107 b. A company that has securities admitted to trading on a regulated market in an EU/EEA country must include a corporate governance statement that includes the following:

- 1) Information on whether the company is subject to a corporate governance code, with reference to the code to which the company is subject, if applicable.
- 2) Indication of where the code referred to in point 1 is publicly available.
- 3) Indication of which parts of the Code referred to in point 1 the company is deviating from and the reasons for doing so, if the company has decided to deviate from parts of the Code.
- 4) Indication of the reasons why the company does not apply the code referred to in point 1, if the company has decided not to apply the code.
- 5) Reference to any other code of corporate governance which the company has decided to apply in addition to, or instead of, the code referred to in point 1, or which the company applies voluntarily, giving equivalent information to that given in points 2 and 3.
- 6) Description of the main elements of the company's internal control and risk management systems in relation to the financial reporting process.
- 7) Description of the composition and function of the company's management bodies and their committees.

Paragraph 2. An undertaking covered by paragraph 1 which has only securities other than shares admitted to trading on a regulated market in an EU/EEA country may omit the information referred to in paragraph 1, points 1 to 5 and 7, unless that undertaking has shares admitted to trading on a multilateral trading facility in an EU/EEA country.

Paragraph 3. The statement referred to in paragraph 1 shall be given in conjunction with the information referred to in Article 107a in the management report, without prejudice to paragraph 4.

Paragraph 4. The Danish Business Authority may decide that the statement referred to in paragraph 1 shall not be included in the management report if the management report contains a reference to the company's website where the statement is published. The Danish Business Authority shall lay down detailed rules in this regard, including rules on the updating of the information by the company on its website and the duties of the auditor in relation to the information published on the website.

§ Section 107 c. State limited companies shall include a corporate governance statement that includes the following:

- 1) Information on whether the company applies a corporate governance code or, if not, how the company otherwise applies good corporate governance.
- 2) Indication of where the code referred to in point 1 is publicly available.
- 3) Indication of the parts of the Code referred to in point 1 which the company is departing from and the reasons why the company has decided to depart from any part of the Code.
- 4) Indication of any other codes of corporate governance which the company has decided to apply in addition to the code referred to in point 1, giving equivalent information to that given in points 2 and 3.

Section 107b(1)(6) and (7) shall apply *mutatis mutandis* to public limited liability companies. In addition, Article 107b(4) shall apply to such companies.

§ Section 107 d. A company that has securities admitted to trading on a regulated market in an EU/EEA country must supplement the management report with a statement on the company's diversity policy when the company exceeds at least two of the following amounts in two consecutive financial years at the balance sheet date:

- 1) A balance sheet total of DKK 156 million.
- 2) A net turnover of 313 million DKK.
- 3) An average number of full-time employees during the financial year of 250.

Paragraph 2. An undertaking referred to in paragraph 1 which has only securities other than shares admitted to trading on a regulated market in an EU/EEA country may omit the information referred to in paragraphs 4 and 5 unless that undertaking also has shares admitted to trading on a multilateral trading facility in an EU/EEA country.

Paragraph 3. Notwithstanding the size limits laid down in paragraph 1, a public limited-liability company shall supplement the management report with a statement on diversity.

Paragraph 4. The statement shall include a description of the undertaking's diversity policy applied in relation to the composition of the undertaking's management, for example with regard to age, gender or educational and professional background. The statement shall include information on

- 1) the objectives of the diversity policy,
- 2) how the diversity policy has been implemented; and
- 3) the results of the diversity policy during the reporting period.

Paragraph 5. Where an undertaking covered by paragraph 1 or 3 does not have a diversity policy, the management direction shall include a statement explaining why.

Paragraph 6. The Danish Business Authority may lay down rules that the statement need not be included in the management report if the management report contains a reference to the company's website where the statement is published, and on the company's updating of the information on the website and the auditor's duties in relation to the information published on the website.

Special rules for public limited liability companies

§ 108. The Minister for Business and Growth may lay down provisions derogating from the special rules applicable to State-owned joint stock companies if this is necessary to ensure equivalence between these rules and the corresponding rules laid down for companies whose securities are admitted to trading on a regulated market in an EU/EEA country.

Section VI

Consolidated accounts and accounts of mergers, etc.

Chapter 13

Obligation to present consolidated accounts

§ 109. Parent undertakings covered by Article 3(1) shall prepare consolidated accounts in accordance with the rules laid down in Chapter 14, without prejudice to Article 137, unless Articles 110 to 112 provide otherwise.

Section 110 shall not apply to parent undertakings which are included in accounting class D or where a subsidiary of that parent undertaking is

- 1) covered by accounting class D,
- 2) a credit institution as defined in Article 4(1) of Directive 2006/48/EC of the European Parliament and of the Council and which is not referred to in Article 2 of that Directive; or
- 3) an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC.

Paragraph 3. Furthermore, Article 112 shall not apply to parent undertakings which have securities admitted to trading on a regulated market in an EU/EEA country.

§ 110. Without prejudice to Article 109(2), a parent undertaking may refrain from presenting consolidated accounts if, at the balance sheet date, the total of the undertakings in the group does not exceed two of the following amounts:

- 1) A balance sheet total of 44 million DKK,
- 2) a net turnover of 89 million DKK and
- 3) an average number of full-time employees during the financial year of 50.

Paragraph 2. In calculating the size limits referred to in paragraph 1, group undertakings which may be excluded from consolidation pursuant to Article 114(2) shall not be included.

Article 7(3) and (4) shall apply mutatis mutandis to the group as a whole. However, the balance sheet total and net turnover shall be determined in accordance with Sections 119 and 120.

Paragraph 4. Instead of applying the calculation method set out in paragraph 3, second indent, the parent undertaking may calculate the balance sheet total, net turnover and average number of full-time employees during the financial year as the sum of the balance sheet totals, net turnover and full-time employees of all the group undertakings. For the purpose of calculating balance sheet total and net turnover, the amounts referred to in points 1 and 2 of paragraph 1 shall be increased by 20 %.

Paragraph 5. Eligibility for the provision in paragraph 1 shall be modified only if, at the balance sheet date, the undertakings have together exceeded, or no longer exceed, two of the three thresholds for two consecutive financial years.

§ 111. A parent undertaking all of whose subsidiaries are excluded from consolidation pursuant to Article 13(1)(3) or Article 114(2) may refrain from preparing consolidated accounts.

Paragraph 2. In addition, a parent undertaking which is an operating foundation may refrain from drawing up consolidated accounts if

- 1) the fund has only one subsidiary,
- 2) the Fund itself carries out only limited business activities and
- 3) the fund, other than convertible debentures and unpaid dividends or distributions, is not owed by or has provided security for the subsidiary.

Paragraph 3. In addition, a parent undertaking which is an operating foundation may refrain from drawing up consolidated accounts if

- 1) the fund has several subsidiaries and one of these prepares consolidated accounts in which the operating parent fund is excluded,
- 2) the consolidated financial statements have been prepared in accordance with the Annual Accounts Act, Directive 2013/34/EU of the European Parliament and of the Council as amended or rules at least equivalent to the rules for consolidated financial statements in that Directive and have been audited by persons authorised to do so under the national law of the subsidiary which has prepared the consolidated financial statements,
- 3) the fund itself carries out only limited business activities,
- 4) the fund, other than convertible debt securities and unpaid dividends or distributions, is not owed by or has provided security for any of its subsidiaries,
- 5) the annual report of the Fund discloses that the Fund has not prepared consolidated accounts in application of this exemption; and
- 6) the foundation submits to the Danish Business Authority the audited consolidated accounts referred to in no. 1 together with its own annual report.

§ 112. Without prejudice to Section 109(2), a parent undertaking may refrain from presenting consolidated accounts if it is itself a subsidiary of a higher-tier parent undertaking governed by the law of an EU/EEA country, and

- 1) the higher parent company
 - a) holds 90 % or more of the capital of the lower-tier parent undertaking and the minority shareholders have agreed with the senior management of that parent undertaking that it shall not prepare consolidated accounts; or

- b) owns less than 90 per cent of the equity of the lower-tier parent and its senior management has not received a request for consolidated financial statements from minority shareholders owning at least 10 per cent of the equity of the lower-tier parent at least six months before the end of the financial year; and
- 2) the higher-tier parent undertaking prepares consolidated accounts and a consolidated management report in accordance with the law of the Member State to which the higher-tier parent undertaking is subject and the consolidated accounts have been audited by persons approved under the law of that Member State.

Paragraph 2. Without prejudice to Article 109(2), a parent undertaking may also refrain from filing consolidated accounts if it is itself a subsidiary of a higher-tier parent undertaking governed by the law of a country other than that referred to in paragraph 1, and

- 1) the ultimate management of the lower parent has not received a request for consolidated financial statements from minority shareholders at least six months before the end of the financial year,
- 2) the higher-tier parent prepares consolidated accounts and, where applicable, consolidated management accounts in accordance with
 - a) Directive 2013/34/EU of the European Parliament and of the Council and its subsequent amendments,
 - b) rules at least equivalent to the rules for consolidated financial statements in Directive 2013/34/EU of the European Parliament and of the Council, as amended,
 - c) international accounting standards adopted by the European Commission in accordance with the Regulation of the European Parliament and of the Council on the application of international accounting standards, and subsequent amendments adopted by the European Commission in accordance with that Regulation; or
 - d) rules that have been determined by the European Commission to be equivalent to the rules for consolidated financial statements in International Financial Reporting Standards; and
- 3) the consolidated accounts have been audited by persons approved under the national law governing the higher-tier parent undertaking.

Paragraph 3. The exceptions referred to in paragraphs 1 and 2 shall also be subject to the condition that

- 1) without prejudice to Article 114, the accounts of the lower parent undertaking and those of its subsidiaries are fully consolidated in the consolidated accounts of the higher parent undertaking,
- 2) the lower parent discloses in its annual financial statements that it has elected not to prepare its own consolidated financial statements pursuant to paragraphs 1 and 2 respectively and discloses the name, registered office and, where applicable, the tax identification number or registration number of the higher parent; and
- 3) the lower-tier parent undertaking submits to the Danish Business Authority, together with its own annual report, the consolidated accounts referred to in paragraph 1 or 2, the management report and the accompanying audit report, together with such information as the Danish Business Authority may require pursuant to section 147.

§ 113. For groups which, after elimination in accordance with section 120, meet the size thresholds for medium-sized enterprises in accordance with section 7(2) to (4), the consolidated accounts must be prepared at least in accordance with the rules for medium-sized enterprises in accounting class C.

Paragraph 2. For groups which, after elimination in accordance with section 120, meet the size thresholds for large enterprises in accordance with section 7(2) to (4), the consolidated accounts must at least be prepared in accordance with the rules for large enterprises in accounting class C. Paragraph 1 shall apply mutatis mutandis to groups which, after elimination in accordance with section 120, meet the size thresholds for small enterprises in accordance with section 7(2) to (4), but which may not omit to prepare consolidated accounts in accordance with section 110.

Paragraph 3. If the parent undertaking is included in accounting class D, the consolidated accounts shall be prepared in accordance with the rules laid down in accounting class D, irrespective of the size of the group.

Paragraph 4. Where a parent undertaking which is entitled not to prepare consolidated accounts nevertheless prepares consolidated accounts which are not used exclusively for its own purposes, the provisions on consolidated accounts in Chapter 14 shall apply. However, the parent may apply the rules for class B preparers to the consolidated financial statements if the parent could not prepare

consolidated accounts in accordance with § 110. However, investments in associates shall be recognised and measured in the consolidated financial statements at the equity value of those associates, applying the provisions of paragraphs 2 to 6 of Article 43a.

Chapter 14

Content of the consolidated

accounts Included in the

consolidation

§ 114. Except as otherwise provided in this paragraph, the accounts of all group undertakings shall be included in consolidated financial statements on a full consolidation basis.

Paragraph 2. A group undertaking may be excluded from consolidation if

- 1) it is a subsidiary and significant and persistent obstacles substantially limit the exercise by the parent of its rights over the assets or management of the subsidiary,
- 2) it is a subsidiary and the necessary information cannot be obtained within a reasonable time or at disproportionate cost,
- 3) it is a subsidiary not previously consolidated and the parent holds the equity interest in the subsidiary exclusively with a view to subsequently transferring it; or
- 4) it is a corporate parent which itself carries on only limited business activities and, except for convertible debt securities and unpaid dividends, has no claims on or security for any of its subsidiaries.

General requirements for consolidated financial statements (consolidation)

§ 115. The consolidated accounts shall show the assets and liabilities, financial position and profit or loss of the undertakings included in the consolidation as if they were one undertaking.

§ 116. The consolidated financial statements shall have the same balance sheet date as the parent undertaking's annual financial statements.

Paragraph 2. If the balance sheet date of a consolidated subsidiary is three months or less before or after the balance sheet date of the parent undertaking, the subsidiary may be consolidated on the basis of its annual accounts. If the balance sheet date of a consolidated subsidiary is more than three months before or after the balance sheet date of the parent undertaking, the subsidiary shall be included in the consolidated accounts on the basis of separate accounts drawn up in accordance with the provisions of this Law as at the balance sheet date of the parent undertaking.

Summary

§ 117. Consolidation shall be carried out by combining the accounts in such a way as to bring together identical items of revenue and expenditure and assets and liabilities. Adjustments shall be made where necessary to take account of the specific features of consolidated accounts as distinct from annual accounts.

Paragraph 2. Group undertakings for which the group relationship is established during the financial year may include in the summary only the income and expenditure relating to transactions and events occurring after the date on which the group relationship was established.

Paragraph 3. Group undertakings for which the group relationship ceases during the financial year may include in the summary only the income and expenditure relating to the transactions and operations which have taken place up to the date on which the group relationship ceases.

Classification

§ 118. The balance sheet, profit and loss account, statement of changes in equity and cash-flow statement of the consolidated accounts shall be drawn up in accordance with the rules applicable to annual accounts in accounting category C as set out in Article 78, except as otherwise provided in the second subparagraph or in paragraphs 2 to 4. If the parent undertaking is required to follow the rules for financial statements in accounting category D, cf.

§ Section 102, the consolidated financial statements shall also comply with these rules, except as otherwise provided in paragraphs 2 to 4.

Paragraph 2. Investments in, receivables from or payables to non-consolidated subsidiaries, or participating interests, shall be shown as separate items in the consolidated balance sheet.

Paragraph 3. Consolidated own funds may be presented in such a way as to show only those items which are necessary for a true and fair view as provided for in Article 11(1).

Paragraph 4. The proportional share of minority interests in the capital and reserves of subsidiaries shall be shown as a separate heading under 'Capital and reserves'. The minority shareholders' proportionate share of the profits or losses of the subsidiary undertakings shall be shown as a separate item in the management proposal for a decision on the appropriation of profits or the covering of losses.

Recognition and measurement

§ 119. The assets and liabilities, income and expenses included in the consolidation shall be recognised and measured using uniform methods in accordance with the rules applicable to annual accounts in accounting category C, as set out in Articles 33 to 52, 78 and 82 to 83b. However, investments in associates shall be recognised and measured using the equity method, as set out in Article 43a(2) to (6).

Paragraph 2. The consolidated accounts shall, as far as possible, use the same methods of recognition and basis of measurement as the parent undertaking's annual accounts. Where consolidated subsidiaries use different methods and bases of accounting in their own annual accounts, new accounts shall be prepared for the purposes of the consolidated accounts, which shall be recognised and measured in accordance with the methods and bases of accounting used in those accounts.

Paragraph 3. Paragraph 2(2) may be waived in exceptional cases.

Elimination

§ 120. The following items must be eliminated:

- 1) Receivables and payables between consolidated companies,
- 2) income and expenses arising from transactions between the consolidated entities and
- 3) gains and losses arising from transactions between consolidated enterprises included in the book value of the items.

Group establishment

§ 121. Unless otherwise stated, the establishment of a group relationship between two enterprises is treated by the acquisition method, cf. section 122.

Paragraph 2. If, at the time the group relationship is established, the two undertakings are both subject to a parent undertaking in a group relationship, or are both otherwise subject to the same interest's controlling influence both before and after the business combination, and if that controlling influence is not temporary, the group formation may be treated according to the aggregation method, cf.

Company takeover

§ 122. If the group relationship is established by the acquisition of an entity, the assets and liabilities of the acquiree at the acquisition date are recognised and measured at fair value in the consolidated financial statements, regardless of whether they were recognised in the entity's balance sheet before the acquisition.

Paragraph 2. The assessment of which undertaking is the acquiring undertaking shall be based on the facts. Where it is not obvious who is the real acquirer, the formal acquiring undertaking may be regarded as the acquirer.

Paragraph 3. The interests of consolidated undertakings in a consolidated subsidiary, measured at cost, shall be adjusted by the proportionate share of the net assets of the subsidiary, measured at fair value, of the consolidated undertakings referred to in paragraph 1. The offsetting shall take place at the time of the establishment of the group.

Paragraph 4. A positive difference arising under paragraph 3 shall be treated as goodwill in accordance with Article 43. A negative goodwill amount arising after paragraph 3 shall be recognised as income in the profit and loss account.

Paragraph 5. Shares in a parent undertaking held by a consolidated undertaking shall not be eliminated but shall be treated as treasury shares.

Mergers

§ 123. Under the aggregation method, consolidated financial statements are presented for the period in which the aggregation occurred as if the enterprises had been aggregated from the earliest accounting period included in the financial statements.

Paragraph 2. However, the company may instead choose to treat the merger as having occurred at the point of acquisition.

Paragraph 3. The difference between the amount paid as company capital and any share premium, plus any cash consideration, and the accounting net asset value of the subsidiary shall be clearly added to and deducted from the reserves available to cover losses respectively.

Pro rata consolidation

§ An enterprise which the enterprise manages jointly with one or more other enterprises may be included in the consolidated accounts on a pro rata basis.

Paragraph 2. The items of the jointly controlled undertaking shall be included in proportion to the share of the equity and profit of the consolidated undertakings. Otherwise, the rules on consolidation etc. laid down in Articles 114 to 122 shall apply mutatis mutandis.

Note disclosures Statement of

accounting policies

§ 125. The statement of accounting policies and notes to the consolidated financial statements shall disclose the

Articles 53 to 55 and 87 shall apply mutatis mutandis to the consolidated accounts of the group. Instead of information on the amounts of the individual undertakings, the amounts of the consolidated undertakings are shown in aggregate, consolidated according to the same methods as apply to the consolidated accounts.

Paragraph 2. The statement of accounting policies shall also include:

- 1) Exclusion of a group company with specific and adequate justification.
- 2) A different balance sheet date for a consolidated subsidiary from that of the parent undertaking, in accordance with the first subparagraph of Article 116(2). If, between the two balance sheet dates, significant events have occurred which have affected the assets and liabilities, financial position or profit or loss of the subsidiary, this shall be explained.
- 3) the use of methods of recognition and measurement other than those used in the parent undertaking's annual accounts and a specific and adequate justification for the use of other methods, in accordance with Article 119(2) and (3)

Paragraph 3. A separate part of the statement of accounting policies shall disclose:

- 1) If the company has made use of the exemption in § 114, paragraph 2, point 4. In this case, the group's profit or loss and equity must be disclosed.
- 2) The remaining positive and negative differences under Articles 122 and 123 and the methods used to determine them. Changes in the amounts of the differences in relation to the previous year must be explained.

Other note information

§ The following requirements shall apply mutatis mutandis to the consolidated financial statements:

- 1) Disclosure of the breakdown of net turnover by activities and geographical segments referred to in Article 96(1).
- 2) Information on audit fees, cf. Article 96(2).
- 3) Information on special items of income or expenditure, see Article 67a.

- 4) Information on the management's proposal for a decision on the use of the undertaking's surplus or deficit, as referred to in Article 95a.
- 5) Disclosure of assets, see Articles 58 to 59 and 88 to 88b.
- 6) Disclosure of contingent assets, see Article 90b.
- 7) Information on the company's capital, see Article 87a.
- 8) Information on obligations, cf. §§ 92-93 a.
- 9) Disclosure of contingent liabilities, etc., cf. §§ 64 and 94-94 b.
- 10) Information on related parties, etc., cf. § 68, § 69, paragraphs 3 and 4, §§ 73, 97 b and 98 a and § 98 c, paragraph 1.
1, 2, 4, 6 and 7.
- 11) Information on significant events occurring after the end of the financial year, cf.

Paragraph 2. The requirement to disclose amounts receivable from and amounts provided as security by members of the management in Article 73 and the requirement to disclose amounts of remuneration etc. in Article 69(1) and Article 98b shall apply mutatis mutandis to the aggregate amounts granted by the group undertakings to the categories of members of the management and members of the undertaking of the parent undertaking referred to in those provisions.

Paragraph 3. The requirement in section 106 shall apply mutatis mutandis to information on benefits under section 98b, as defined in paragraph 2 above, if the parent undertaking is included in accounting class D.

Paragraph 4. Disclosure shall be made of the change in the proportion of the equity of the subsidiaries held by minority interests.

Paragraph 5. The information referred to in paragraph 1 shall be presented in the same order as the items of the profit and loss account and balance sheet to which it relates.

Paragraph 6. The average number of persons employed in proportionately consolidated enterprises shall be disclosed separately.

Par. 7. Information shall be given on the changes in reserves resulting from the application of Article 123 and the names and registered offices of the enterprises included and measured in accordance with Article 123 during the year.

§ 127. For each of the consolidated and non-consolidated subsidiaries, the following must be disclosed

- 1) name and registered office,
- 2) the percentage of equity held by the group companies taken together,
- 3) the basis of the group relationship, as set out in Annex 1, B, point 4, unless it follows from the said point 4, paragraph 1, (majority of voting rights) and the share of the subsidiary's capital and voting rights held by the group undertakings is the same,
- 4) a specific and adequate statement of reasons if the undertaking is excluded from the consolidation in accordance with Article 114(2), and
- 5) whether the capital adjustment method referred to in Article 123 has been applied.

Paragraph 2. For each associated enterprise the following information shall be provided

- 1) name and registered office,
- 2) the percentage of equity held by the group companies taken together; and
- 3) whether the entity is accounted for and measured using methods other than the equity method, cf. section 119(1), second indent, cf. section 43a(6).

Paragraph 3. For each undertaking whose accounts are included in a pro rata consolidation pursuant to Article 124, the following shall be disclosed

- 1) name and registered office,
- 2) the proportion of own funds held by the consolidated undertakings taken together, and
- 3) the basis for joint management.

Paragraph 4. For each participation which is not an associated enterprise, the following shall be disclosed

- 1) name and registered office,

- 2) the proportion of own funds held by the consolidated undertakings taken together, and
- 3) the amount of equity and profit or loss according to the latest approved annual report.

Paragraph 5. The information referred to in paragraph 4(3) may be omitted if the participating interest concerned has not published an annual report.

Paragraph 6. The name, registered office and legal form of each partnership or limited liability company in which the consolidated undertakings are partners or general partners must also be disclosed.

Par. 7. The information referred to in paragraphs 1 to 6 may be omitted if it would significantly harm the undertaking itself or the undertakings referred to in paragraphs 1 to 6. Omission of information for this reason shall be cited.

Management Report

§ 128. The group management report shall give information about the group as if the group undertakings together were one undertaking. Instead of information on the amounts of the individual undertakings, the amounts of the consolidated undertakings are shown in aggregate, consolidated according to the same methods as apply to the consolidated accounts.

Sections 76a, 77, 99-99a, 99d, 100 and 101 shall apply mutatis mutandis. Information pursuant to § 99, para.

However, point 1(9) may be waived.

Paragraph 3. Without prejudice to paragraph 5, where the parent undertaking is subject to the rules of accounting class D, Articles 107, 107b and 107d shall apply mutatis mutandis to the consolidated accounts.

Paragraph 4. Notwithstanding the provisions of section 101(1)(2), the first time that a parent undertaking which has failed to prepare consolidated accounts in accordance with sections 110 to 112 prepares consolidated accounts, it may omit to disclose comparative figures for the second and fourth preceding financial years.

Paragraph 5. The management reports of the parent undertaking and the group may be summarised if it is possible without difficulty to find the information required by this Act which has not become superfluous as a result of the summarisation, without prejudice to Articles 22(4), 78(6) and 102(8). The information referred to in section 107b for the parent undertaking and the group respectively shall be provided in aggregate. The second subparagraph shall apply mutatis mutandis to public limited-liability companies, cf. section 107c.

§ Section 128 a. Large parent undertakings covered by section 7(2)(3), parent undertakings covered by accounting category D and parent undertakings which have a subsidiary covered by section 109(2)(1-3) must prepare a report on payments to the authorities, cf. section 99c(2), if the undertaking itself or a subsidiary has activities covered by section 99c(1). The report shall be provided as if the consolidated undertakings together were one undertaking.

Paragraph 2. To the extent that the parent recognises interests in jointly controlled entities on a pro rata basis, cf.

§ Section 124, payments covered by paragraph 1 in these enterprises shall be included in the report pro rata accordingly.

Paragraph 3. For the report on payments to authorities referred to in paragraph 1, Article 114(2) shall apply mutatis mutandis.

Paragraph 4. A parent undertaking carrying on activities covered by Article 99c(1) may refrain from preparing a report under paragraph 1 if it is itself a subsidiary of a higher-tier parent undertaking governed by the law of an EU/EEA country.

Paragraph 5. A parent undertaking referred to in paragraph 1 which does not prepare consolidated accounts shall provide the report in its own annual report.

Chapter 15

Merger accounting etc.

§ 129. To the extent that a statement of the aggregate assets and liabilities of the merging undertakings (the merger accounts) is drawn up pursuant to law or agreement, the provisions of Sections 115 to 123,

with the exception of Section 118(3), shall apply mutatis mutandis to the opening balance sheet of the merged, continuing or merged undertaking. The rules applicable to the parent undertaking shall apply to

the acquiring company, and the rules for subsidiary companies apply to the acquired company.

Paragraph 2. Unless otherwise provided by law or by agreement, the merging accounts shall consist of the opening balance sheet of the merged, continuing or acquired company, supplemented by the closing balance sheets of the merging companies and by a statement of the movements necessitated by the merger or by the operations to be carried out as a result of the merger agreement. The opening balance sheet shall be supplemented by the notes necessary for a true and fair view of the continuing or merged entity and by any additional reports provided for in the merger agreement.

§ 130. The rules laid down in Article 129 shall apply *mutatis mutandis* to the taking over of assets and liabilities by companies in the case of division, with the adaptations resulting from the specific nature of divisions.

Section VII

Interim reports for public limited companies and companies whose securities are admitted to trading on a regulated market in an EU/EEA country

Chapter 16

Preparation of the half-yearly report for public limited

companies General provisions

§ 131. State limited companies shall draw up a half-yearly report covering the first six months of the company's financial year. If the State limited company is a parent company, the half-yearly report must be drawn up as if the consolidated companies together were one company.

Paragraph 2. A public limited company may also draw up similar reports for other periods.

Recognition and measurement

§ 132. The half-yearly report shall be drawn up in accordance with the same basic requirements as the annual report referred to in Chapter 3.

Paragraph 2. The half-yearly report shall contain information for the preceding half-year corresponding to the information required under Article 101(1), point 1. For each figure, the corresponding figures for the same period in the preceding year shall be given. Article 24(1), second and third indents, and Article 55 shall apply *mutatis mutandis*.

§ 133. (Repealed)

Management report

§ 134. The half-yearly report shall contain the following information:

- 1) A statement of the development of the company's activities and affairs,
- 2) a statement of the company's expected development,
- 3) a statement of any special assumptions on which the company's management has based its forecast;
and
- 4) information on significant decisions taken by the company's top management during the half-year in question.

Chapter 16 a

Preparation of interim report for companies having securities admitted to trading on a regulated market in an EU/EEA country

§ Section 134 a. The Danish Business Authority may lay down rules requiring companies covered by accounting class D that have securities admitted to trading on a regulated market in an EU/EEA country to prepare an interim report for the first six months of each financial year (half-year report). The Board may in particular lay down rules on

the content of the half-yearly report and the manner in which the information contained therein is to be presented. It may also be provided that interim reports voluntarily prepared for a period shorter than six months shall be prepared in accordance with the same rules as for half-yearly reports.

Paragraph 2. Provision may also be made for interim financial reports prepared by undertakings in accounting class A which have securities admitted to trading on a regulated market in an EU/EEA country.

Paragraph 3. The provisions of paragraphs 1 and 2 shall not apply to undertakings which issue only debt securities admitted to trading on a regulated market in an EU/EEA Member State, the denomination per unit of which is at least EUR 100 000 or the denomination per unit of which, at the date of the issue, is at least EUR

100,000 euro when the debt instruments are denominated in a currency other than euro, without prejudice to paragraph 4.

Paragraph 4. Paragraphs 1 and 2 shall not apply to undertakings which issue only debt securities admitted to trading on a regulated market of an EU/EEA country before 31 December 2010 if the denomination per unit amounts to at least EUR 50,000 or if the denomination per unit amounts to at least EUR 50,000 at the date of the issue when the debt securities are denominated in a currency other than EUR.

Section VIII

Audit etc. of the annual report

Chapter 17

Audit etc.

§ 135. An undertaking required to prepare an annual report in accordance with the rules applicable to accounting classes B, C or D shall have its annual accounts and any consolidated accounts audited by one or more auditors, subject to the third indent.

1. perform according to the Danish Business Authority's declaration standard for small enterprises, subject to paragraphs 3 and 4. Without prejudice to paragraphs 2 to 5, an undertaking in accounting class B may refrain from having its annual accounts audited if, for two consecutive financial years, it does not exceed two of the following thresholds at the balance sheet date

- 1) A balance of 4 million DKK,
- 2) a net turnover of DKK 8 million and
- 3) an average number of full-time employees during the financial year of 12.

Paragraph 2. The exemption in paragraph 1, third indent, shall not apply to an undertaking which is required to draw up an annual report in accordance with paragraph 1, first indent, if, for two consecutive financial years, the undertaking exceeds, at the balance sheet date, a balance sheet total of DKK 50 million.

Paragraph 3. The provision of paragraph 1, second indent, and the exception of paragraph 1, third indent, shall not apply to commercial foundations, cf. The same shall apply to employee investment undertakings as referred to in Article 3(1)(6).

Paragraph 4. The provisions of paragraph 1, second indent, and the exemption provided for in paragraph 1, third indent, shall not apply to undertakings which hold participations in other undertakings and which exercise significant influence over the operational and financial management of one or more of those undertakings if, for two consecutive financial years, the undertaking and the undertakings in which it holds participations and over which it exercises significant influence exceed, at the balance sheet date, two of the thresholds laid down in Article 7(2)(1) and (1)(3) respectively. The calculation rules laid down in Article 110 shall apply mutatis mutandis to the calculation referred to in the first subparagraph.

Paragraph 5. By way of derogation from paragraph 1, third indent, an undertaking in accounting class B and belonging to a risk category as defined in paragraph 8 shall provide in its annual accounts a report by an independent auditor on the assistance given in drawing up the annual accounts or an auditor's report

with assurance if, for two consecutive financial years, the net turnover of the undertaking at the balance sheet date exceeds DKK 5 million.

Paragraph 6. In calculating the amounts referred to in paragraph 1(3) and paragraphs 2 and 5, Article 7(3) and (4) shall apply.

Par. 7. Where the law permits information required to be given in the annual or consolidated accounts to be given alternatively in other documents, etc., referred to in the annual or consolidated accounts, the auditing obligation referred to in the first subparagraph of paragraph 1 shall cover the information concerned in those documents, etc. The auditing obligation referred to in the first subparagraph of paragraph 1 shall not cover the management report and the supplementary reports included in the annual report in accordance with Article 2(1) and (2). However, the auditor shall give an opinion on whether the information given in the management report is consistent with the annual accounts and any consolidated accounts. Paragraphs 2 and 3 shall apply to information placed in the management report and to information which, under this Act or rules made pursuant to this Act, is alternatively disclosed elsewhere to which reference is made in the management report. The Danish Business Authority may establish requirements for the audit of supplementary reports included in the annual report of all or some of the undertakings included in accounting classes C and D.

Paragraph 8. The Minister for Economic Affairs shall, in consultation with the Minister for Taxation, lay down rules on the sectors to be classified as risk sectors in accordance with paragraph 5, including the length of the period for which a classification is applicable.

§ Section 135 a. The provision in section 135(1)(3) may not be applied by an undertaking where the undertaking itself, an associated undertaking or the person who has a controlling influence over the undertaking has accepted a penalty notice or has been convicted of an offence under company law, accounting law, money laundering law or tax law. An undertaking to which paragraph 1 applies may not opt out of an audit for the financial year in which the final conviction or the final penalty payment is imposed and for the 2 subsequent financial years.

Paragraph 2. If a person who becomes a member of the management of an undertaking has been subject to bankruptcy suspension under the rules of the Bankruptcy Act within the two years preceding his entry into office, the undertaking may not, pursuant to section 135(1), third indent, refrain from having its annual accounts audited as from the financial year in which the member of the management enters into office and up to and including the financial year in which the balance sheet date is not later than two years after the end of the bankruptcy suspension of the member of the management. If the member of the management leaves the company within a period determined by the Danish Business Authority, the first paragraph shall not apply.

Paragraph 3. The Danish Commerce Authority may decide that the provisions of section 135(1)(2) and (3) may not be applied by an undertaking for the current and the two following financial years if the Authority, in an inspection of the annual report in accordance with section 159b(1), has found material errors or omissions in relation to company law or accounting law or in an inspection in accordance with section 23 of the Accounting Act has found material errors or omissions in the undertaking's accounting.

§ Section 135 b. Only auditors approved in accordance with the Auditors Act may issue opinions on annual accounts and consolidated accounts covered by section 135(1), first indent, and (5) and issue an opinion on the management report, etc. The provision in the first paragraph shall apply *mutatis mutandis* if an undertaking which is exempted from the audit requirement pursuant to Article 135(1), third paragraph, or the reporting requirement pursuant to Article 135(5), chooses to have its annual accounts audited or chooses to have an auditor carry out other work entailing the expression of an opinion on the annual report.

Paragraph 2. For the audit of annual reports to be drawn up in accordance with the rules for accounting class D, at least one auditor shall be a registered auditor.

Section IX Accounting regulation in Denmark

Chapter 18

Organisation for issuing accounting standards, etc.

§ 136. It is the responsibility of the Danish Business Authority to ensure that standards are drawn up to supplement this Act to the extent necessary. The standards may, within the framework of the

and Council Directive 2013/34/EU, as amended, shall determine the derogations from the provisions covered by the obligation to derogate pursuant to Article 11(3), where such derogation is considered necessary for the practical and appropriate application of those provisions. The standards shall specify the groups of undertakings which may or must comply with the standards.

Paragraph 2. The Danish Commerce Authority may enter into an agreement with one or more independent organisations to the effect that they shall perform, in whole or in part, the tasks referred to in paragraph 1. The Danish Commerce Authority may lay down the detailed rules for the performance and organisation of the work, including the right of public authorities to express an opinion on or approve standards before they are implemented. The Danish Commerce Authority may instruct an organisation with which an agreement has been concluded in accordance with paragraph 1 to draw up specific standards in areas where a need for regulation has arisen.

Paragraph 3. The Danish Business Authority may set up an Accounting Board to consult on general accounting matters and to assist the Danish Business Authority with the tasks referred to in paragraph 1. The secretariat shall be provided by the Enterprise Agency.

§ 137. Without prejudice to paragraph 2, undertakings which are not required to apply the international accounting standards referred to in the Regulation of the European Parliament and of the Council on the application of international accounting standards may voluntarily choose to prepare their annual or consolidated accounts in accordance with those standards.

Paragraph 2. However, companies which have securities admitted to trading on a regulated market in an EU/EEA country and which prepare only annual financial statements shall be required to apply the standards referred to in paragraph 1 in their annual financial statements.

Paragraph 3. Undertakings which, pursuant to paragraph 1 or 2, comply with the standards referred to in paragraph 1 shall comply with all the approved standards. Where provisions of this Act regulate the same matters as the standards, such undertakings shall apply the standards instead of the provisions of this Act.

Paragraph 4. The Danish Commerce Authority may lay down rules necessary for the application in Denmark of the Regulation referred to in paragraph 1.

§ Section 137 a. The Danish Commerce Authority may lay down rules to the effect that certain provisions of this Act may be derogated from where this is necessary in order to apply international accounting standards specially adapted to the needs of small and medium-sized enterprises.

Section X

Publication and verification of annual report, etc.

Chapter 19

Submission to the Danish Business

Authority Submission of annual report

§ 138. Entities in accounting classes B, C and D shall, without undue delay after the approval the annual report to the Danish Business Authority, cf. § 3, paragraph 1, and § 7. The annual report must be received by the Board no later than six months after the end of the financial year, except that the deadline is four months for companies in accounting class D. These deadlines may not be waived, without prejudice to Articles 140 and 141.

Paragraph 2. The annual report submitted shall contain at least the elements required for each class of accounts and, where applicable, the audit report or other declaration by an auditor referred to in Article 135(1) and (7) and Article 135b(1). If the undertaking wishes to have additional reports published as referred to in

§ Article 2(2), these must be submitted together with the mandatory components of the annual report, so that the mandatory components and the supplementary reports appear together as a single document designated

"annual report".

Paragraph 3. Annual reports and other documents to be submitted to the Board pursuant to this Act shall be in Danish or English, without prejudice to section 157.

Paragraph 4. If an undertaking voluntarily submits an annual report in accordance with Article 4(7)(1) and the report has been audited, the undertaking shall ensure that the auditor's certificate is included in the document.

Paragraph 5. If the Board has announced that an annual report is publicly available pursuant to section 154, it may not be altered by a new annual report unless the Board so permits.

Paragraph 6. An undertaking which has not disclosed its net turnover in the profit and loss account, as referred to in Article 32(1), shall report its net turnover at the same time as it submits its annual report. The reported net turnover shall not be published and the information shall be exempt from disclosure.

Par. 7. The Danish Business Authority shall lay down detailed rules on the reporting of net turnover, cf. paragraph 6.

§ Section 138 a. The enterprise must report the name and the business registration number of the provider of the digital accounting system that the enterprise uses or has used in the financial year in accordance with Section 16(2)(1) of the Accounting Act at the same time as it submits the annual report.

Paragraph 2. If the undertaking uses or has used during the financial year an accounting system within the meaning of Section 16(2)(2) of the Accounting Act which is not registered in accordance with Section 20(1) of the Accounting Act, the system in question must be reported. If the company keeps a complete backup of records and supporting documents on a server at a third party, this must be stated with details of the identity of the third party.

Paragraph 3. Information referred to in paragraphs 1 and 2 shall not be published.

Paragraph 4. The Danish Commerce Authority shall lay down detailed rules on the reporting of information pursuant to paragraphs 1 and 2.

Submission for companies in liquidation or restructuring

§ 139. Undertakings in liquidation shall continue to submit annual reports to the Board in accordance with section 138 until the liquidation is completed by the dissolution of the undertaking.

Paragraph 2. In addition, the company must submit final liquidation accounts to the Danish Business Authority if this is required by the legislation specifically applicable to the company.

§ 140. For undertakings under reorganisation proceedings pursuant to the Bankruptcy Act, the Danish Commerce Authority may allow the annual report to be submitted first, notwithstanding the time limit in section 138(1), second indent, so that it is received by the Authority within one month of the end of the reorganisation proceedings. If this time limit is exceeded, Articles 150 to 152 shall apply mutatis mutandis, the fee being calculated from one month after the end of the reorganisation proceedings.

Paragraph 2. If the undertaking is declared bankrupt, the provisions of Article 141 shall apply.

§ 141. For companies that are in bankruptcy, no annual report must be submitted to the Danish Business Authority.

Paragraph 2. If the company is reopened, it shall submit annual reports covering the period from the balance sheet date of the last annual report submitted to the end of the company's last financial year prior to the closure of the bankruptcy proceedings, so that they are received by the Administrative Board within one month of the closure of the bankruptcy proceedings. Instead of the annual reports referred to in the first paragraph, the Board may authorise the company to submit an opening balance sheet drawn up as at the date of the closure of the bankruptcy proceedings. The annual accounts and any consolidated accounts contained in the annual reports referred to in the first paragraph and the opening balance sheet referred to in the second paragraph must be audited if the undertaking is subject to auditing requirements pursuant to the first paragraph of section 135(1). If the time limit for filing referred to in the first paragraph is exceeded, Articles 150 to 152 shall apply mutatis mutandis, the tax being calculated from one month after the end of the bankruptcy proceedings.

§ 142. Efforts to restructure an undertaking other than those referred to in Articles 140 and 141 shall not relieve the undertaking of the obligation to file the annual report before the expiry of the period referred to in Article 138(1).

Submission for foreign companies with a branch in Denmark

§ 143. The branch managers of a branch registered with the Danish Business Authority as a branch of a foreign company must submit the foreign company's audited annual report so that it is received by the Authority no later than six months after the end of the financial year. There is no exemption from the deadline. The branch's own accounts cannot be submitted instead.

Paragraph 2. The annual report submitted shall be at least as drawn up and published in accordance with the rules of the State to which the undertaking is subject.

Paragraph 3. The annual report of a foreign company governed by the law of an EU/EEA country may be submitted unaudited if an audit has been omitted in accordance with the law applicable to the company.

§ 144. If the foreign enterprise is a subsidiary, the branch managers may, instead of the annual report referred to in section 143, submit the consolidated accounts of the parent enterprise to the Danish Business Authority in accordance with section 146(5) if

- 1) both the subsidiary and the parent are governed by the laws of an EU/EEA country,
- 2) the consolidated financial statements have been prepared in accordance with Directive 2013/34/EU of the European Parliament and of the Council, as amended, and have been audited and published in accordance with those rules, without prejudice to Article 143(3),
- 3) the omission is in accordance with the legislation applicable to the undertaking,
- 4) the financial statements of the entity and its subsidiaries are included in the consolidated financial statements of the parent on a full consolidation basis or on an equity basis,
- 5) all the participants in the undertaking have agreed to the procedure for the financial year in question,
- 6) the parent undertaking has declared that it is responsible for the subsidiary's existing liabilities and obligations arising during the period until the subsidiary has filed its annual report for a subsequent financial year and that report has been received and published in accordance with the rules laid down in Chapters 19 and 20 or the branch's deregistration or deletion from the register of the Board of Directors has been published; and
- 7) the parent company discloses in its annual report that the subsidiary has failed to prepare its own annual report indicating the exemption applied.

Paragraph 2. If the foreign enterprise is not subject to a law referred to in paragraph 1, the branch managers may, instead of the annual report of the foreign enterprise, submit to the Danish Business Authority the consolidated accounts of the parent enterprise in accordance with section 146(5) if

- 1) the consolidated accounts have been prepared in accordance with the Directive referred to in paragraph 1(2) or with rules at least equivalent to those of that Directive and have been audited by persons approved under the national law of the parent undertaking, and
- 2) the conditions laid down in points 3 to 7 of paragraph 1 are fulfilled.

Submission of exemption declaration and additional documents, etc. for undertakings applying the exemptions provided for in Articles 4-6, 78a, 112 and 144

§ 145. Undertakings making use of the derogation in Article 4 must submit a declaration of exemption in which the management

- 1) states that the derogation in question has been applied, and
- 2) shall ensure that the conditions for applying the derogation are fulfilled.

Paragraph 2. A declaration of exemption shall be submitted for each financial year. The declaration must be received by the Danish Commerce Authority before the expiry of the period laid down in the second indent of Article 138(1).

§ 146. Undertakings making use of the exemption in § 5(1) must submit to the Danish Commerce Authority a declaration of exemption in accordance with § 145, supplemented by

- 1) the consolidated accounts referred to in Article 5(1),
- 2) reference to the consolidated financial statements included in an annual report which the Board has received for publication; or
- 3) officially certified proof that the consolidated financial statements have been published in accordance with the legislation applicable to the foreign company.

Paragraph 2. Undertakings which take advantage of the exemption provided for in section 5(2) shall submit to the Board an application for exemption in accordance with section 145, supplemented by

- 1) the annual report referred to in Article 5(2), or
- 2) reference to the annual report which includes the undertaking's accounts and which the Administrative Board has received for publication.

Paragraph 3. Undertakings which take advantage of the exemption provided for in section 5(3) shall submit to the Board an application for exemption in accordance with section 145, accompanied by

- 1) the annual report referred to in Article 5(3), or
- 2) officially certified proof that the annual report has been published in accordance with the legislation applicable to the foreign company.

Paragraph 4. Undertakings making use of the exemption provided for in section 6(1) shall submit to the Board an application for exemption in accordance with section 145, supplemented by

- 1) the consolidated accounts referred to in Article 6(1), or
- 2) reference to the consolidated financial statements included in an annual report which the Board has received for publication.

In addition, the declarations referred to in Article 6(1)(4) and (5) must be submitted. The latter declaration shall be submitted only for the first financial year in which the derogation is applied.

Paragraph 5. If the exemptions in section 144 are used, the branch managers shall submit to the Danish Commerce Authority a declaration of exemption in accordance with section 145, supplemented by

- 1) the consolidated accounts referred to in section 144(1) or (2), and
- 2) the declarations referred to in points 5 and 6 of Article 144(1), the latter declaration being required only for the first financial year in which the derogation is applied.

§ Section 146 a. Subsidiaries applying the exemption in section 78 a, paragraph 1, must submit the annual report to the Danish Business Authority in accordance with section 138, supplemented by

- 1) the consolidated accounts referred to in Article 78a(1), or
- 2) a reference to the consolidated financial statements included in an annual report that the Board has received for publication.

Paragraph 2. The declarations referred to in Article 78a(1)(4) and (5) shall be submitted.

Paragraph 3. The declarations referred to in paragraph 2 shall be submitted only for the first financial year for which they are made.

§ 147. An undertaking filing consolidated accounts for a higher parent undertaking in the group pursuant to section 112 shall submit such additional information as the Board may require for publication, provided that no information in addition to that which would have been included in consolidated accounts pursuant to this Act may be required, without prejudice to section 160.

Submission of half-yearly reports by public limited liability companies

§ 148. State-owned joint-stock companies must submit the company's half-yearly report so that it is received by the Business Board no later than 3 months after the end of the 6-month period in question.

Paragraph 2. In the event of failure to submit the half-yearly report, the Board may impose periodic penalty payments in accordance with § 162(1)(1).

Submission of interim report for companies having securities admitted to trading on a regulated market in an EU/EEA country

§ Section 148 a. The Danish Business Authority may lay down rules on the submission to and publication of half-yearly reports for companies that have securities admitted to trading on a regulated market in an EU/EEA country. The same shall apply to interim reports voluntarily prepared for a period shorter than six months, cf. section 134a(1). The Board may in particular decide that the members of the management of the undertaking may be subject to periodic penalty payments for failure to submit an interim report in accordance with paragraph 1 or 2.

Company's own publication of annual report

§ 149. If the company itself publishes the annual report in full, it must do so in the form and wording in which it has been audited, either by statutory or voluntary audit.

Paragraph 2. If the undertaking publishes an annual report which is not complete, it shall be clearly stated in the publication that the annual report has been abridged and that the complete annual report is available at the Danish Commerce Authority or, if this is not the case, that the annual report has not been submitted to the Authority. The audit report need not be included in an abridged publication, but it must be made clear in the publication if the auditor has expressed reservations or provided additional information in the audit report.

§ Section 149 a. Where the law permits information required to be given in the annual report to be placed alternatively in documents etc. other than the annual report, those documents etc. must be available to users of the accounts at the same time as the annual report.

Non-receipt or late receipt of annual report or exemption declaration

§ 150. If the annual report has not been received by the Danish Business Authority when the deadline in section 138(1), second indent, has expired, the Danish Business Authority shall send a letter of demand to the company's senior management at the company's address requesting that the company's annual report or exemption declaration be submitted. A similar letter of formal notice shall be sent to the branch managers if the annual report of a foreign company with a registered branch in this country has not been received by the expiry of the period laid down in section 143(1).

Paragraph 2. The demand letter shall specify a period of 8 working days from the date of the letter for the submission of the annual report. If the annual report or the statement of exemption is received by the Board before the expiry of that period, the Board shall not take any further action as a result of the delay.

Paragraph 3. The letter of demand shall also specify a time limit of 4 weeks from the date of the letter. Thereafter, if the annual report or the declaration of exemption has not been received before the expiry of that period, the Administrative Board may decide to request the probate court to wind up the undertaking in accordance with the legislation applicable to it. If the demand letter concerns a branch of a foreign undertaking, the Administrative Board may, if the annual report has not been received by the end of the period referred to in the first subparagraph, decide to remove the branch from the register in accordance with the legislation applicable to the branch in question. If the annual report or exemption declaration of a partnership or limited partnership as referred to in Article 3(1)(2) has not been received within the period specified in the first paragraph, the Danish Business Authority may decide to delete the registration of the partnership or limited partnership from the register of active companies of the Danish Business Authority in accordance with the relevant provisions of the Act on Certain Business Enterprises.

§ 151. If the annual report or the declaration of exemption is received after the expiry of the period of eight working days from the date of the letter of demand, cf. section 150(2), the Danish Business Authority shall impose a fee on each member of the company's senior management or on each branch manager.

Paragraph 2. The tax shall be calculated from the expiry of the period referred to in the second indent of Article 138(1).

Paragraph 3. The fee shall amount to DKK 500 per member of the management or branch manager for the first month commenced, a total of DKK 2,000 for the second month commenced and a total of DKK 3,000 for the third month commenced. The fee may not exceed DKK 3,000 per manager or branch manager.

Paragraph 4. The total fee shall be reduced to the extent that the member of the management or the branch manager concerned has, for the same period, paid periodic penalty payments pursuant to Article 162(1)(1) for failure to submit an annual report or an exemption declaration.

Paragraph 5. The taxes referred to in paragraph 3 shall be paid into the national treasury.

§ 152. In very special circumstances, the Danish Commerce Authority may exempt a member of the management or a branch manager from payment of the fee under section 151, in whole or in part, if the person concerned can prove to the Authority that he or she has endeavoured to expedite the filing etc. and that the delay cannot therefore be attributed to him or her.

Paragraph 2. The fact that the wrongful act was committed by employees, advisers or the like of the undertaking shall not of itself relieve a member of the management from liability.

Calculation of deadlines

§ 153. Where the law or regulations issued pursuant to the law provide that an act must be performed at the latest a certain number of days, weeks, months or years after the occurrence of a specified event, the time limit for performing the act shall be calculated from the day following that event, cf. paragraphs 2-4.

Paragraph 2. Where the time limit referred to in paragraph 1 is expressed in weeks, the time limit for taking the action shall expire on the day of the week on which the event took place.

Paragraph 3. Where the time limit referred to in paragraph 1 is expressed in months, the time limit for taking the action shall expire on the day of the month on which the event occurred. If the event occurred on 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 length of the month.

Paragraph 4. Where the time limit referred to in paragraph 1 is expressed in years, the time limit for taking the action shall expire on the anniversary of the event.

Paragraph 5. If the time limit expires at a weekend, on a public holiday, on a national holiday, on Christmas Eve or on New Year's Eve, the act must be performed at the latest on the first following working day.

Chapter 19 a

Communication

§ Section 153 a. The Danish Commerce Authority may lay down rules to the effect that written communication to and from the Authority concerning matters covered by this Act or by regulations issued pursuant to this Act shall be in digital form.

Paragraph 2. The Danish Commerce Authority may lay down detailed rules on digital communication, including the use of certain IT systems, special digital formats and digital signatures, etc.

Paragraph 3. A digital communication shall be deemed to have been delivered when it is accessible to the addressee of the communication.

§ Section 153 b. The Danish Commerce Authority may lay down rules to the effect that the Authority may issue decisions and other documents under this Act or under regulations issued pursuant to this Act without a signature, with a signature reproduced by machine or in an equivalent manner, or using a technique that ensures the unambiguous identification of the person who issued the decision or document. Such decisions and documents shall be treated in the same way as decisions and documents bearing a personal signature.

Paragraph 2. The Danish Commerce Authority may lay down rules to the effect that decisions and other documents taken or issued exclusively on the basis of electronic data processing may be issued with the sole indication of the Danish Commerce Authority as the sender.

§ 153 c. Where this Act or regulations issued pursuant to this Act require that a document issued by a party other than the Danish Commerce Authority be signed, this requirement may be met by using a technique that ensures the unambiguous identification of the person who issued the document, without prejudice to paragraph 1.

2. Such documents shall be treated in the same way as documents bearing a personal signature.

Paragraph 2. The Danish Commerce Authority may lay down detailed rules on the waiver of signature requirements. In particular, it may be determined that the requirement for a personal signature may not be waived for certain types of documents.

Chapter 20

Publication.

Detailed rules on submission and publication etc.

Extended disclosure for state-owned joint stock companies

Disclosure

§ 154. The Danish Business Authority shall immediately announce the receipt of annual reports, exemption declarations, etc, which are submitted in lieu thereof, final liquidation accounts and half-yearly reports of state-owned companies. If, in the course of an inspection pursuant to the provisions of §§ 159-159 b, the Danish Business Authority finds that an annual report etc. contains such serious errors or omissions that the document is grossly misleading, the Authority may withdraw the document from publication. An annual report etc. which has not been duly approved and audited may similarly be withdrawn from publication.

Paragraph 2. The documents shall be publicly accessible.

Detailed rules on submission and publication etc.

§ 155. The Danish Business Authority shall lay down rules on the submission of annual reports and exemption statements, etc., submitted in lieu thereof, and final liquidation accounts, cf. section 139(2), as well as on the submission of interim reports for state-owned joint stock companies, cf. section 148, and for companies that have securities admitted to trading on a regulated market in an EU/EEA country, cf. section 148a.

§ 155 a. (Repealed)

§ Section 155 b. The Danish Business Authority shall lay down rules on the publication of annual reports and declarations of exemption etc. submitted in lieu thereof and final liquidation accounts as well as on the publication of interim reports for state-owned joint stock companies and companies that have securities admitted to trading on a regulated market in an EU/EEA country. The Board shall also lay down rules on withdrawal from publication of the said documents.

Paragraph 2. The Board may lay down rules on access by accounting users via electronic media to documents published by the Board.

Paragraph 3. The Board shall lay down rules on the revision of published annual reports and the consequences thereof.

§ 156. The Danish Commerce Authority may lay down rules on payment for copies of documents etc. which are publicly accessible pursuant to this Act, for use of the Authority's computer system, for certain services not subject to a specific price and for reminders etc. in the event of late payment.

Paragraph 2. The Board may lay down rules on the payment of an annual fee for the administration of this Act and the related examination activity, for the administration of the company law rules on capital losses and loans to company shareholders and other offences in connection with the examination of annual reports, and for the administration of the issuing of accounting standards and the approval of international standards, cf.

Paragraph 3. The Danish Commerce Authority may lay down rules requiring companies that have securities admitted to trading on a regulated market in an EU/EEA country to pay an annual fee for the control activity associated with the Act, cf. section 161 a. Detailed rules may be laid down on the amount and collection of the fee and on the payment of a reminder fee in the event of late payment.

§ 157. The Danish Commerce Authority may lay down detailed rules to the effect that certain

documents may be exempted from the requirement in section 138(3) to be drafted in Danish or English. The Board may lay down conditions to the effect that

the company must submit such documents in a certified translation into Danish or English at a later date, if the Board deems it necessary.

Paragraph 2. The Danish Business Authority may lay down rules on the languages in which companies that have securities admitted to trading on a regulated market in an EU/EEA country must submit annual and interim reports and other documents covered by this Act to the Danish Business Authority.

Paragraph 3. If an action concerning the contents of an annual report or other documents required to be submitted to the Danish Business Authority under this Act is brought before a court in this country, the liability to pay the costs of translating the annual report or other documents for the purposes of the action shall be determined in accordance with Danish law.

Extended disclosure for state-owned companies

§ 158. State-owned joint stock companies shall send a copy of the company's annual report to the representatives of the press who so request at least 14 days before the general meeting and shall make it available at the company's head office at the request of any person.

Chapter 21

Verification of annual reports, etc.

General provision on accounting controls by the Danish Commerce Authority

§ 159. The Danish Business Authority shall monitor annual reports and any related statements by an auditor, exemption statements, etc., submitted in lieu of annual reports, half-yearly reports for state-owned joint stock companies and interim reports for companies that have securities admitted to trading on a regulated market in an EU/EEA country, which are received for publication. For companies that have securities admitted to trading on a regulated market in an EU/EEA country, the supervision of compliance with standards and rules on financial information in annual and interim reports is carried out by the Financial Supervisory Authority, cf.

Paragraph 2. The check may be carried out as a check at the time of notification, as referred to in Article 159a, and as an ex post risk-based check, as referred to in Article 159b.

Paragraph 3. Checks shall, as far as possible, be computerised and digital.

Paragraph 4. The checks referred to in Article 159b may, in exceptional cases, be carried out on a random basis.

Paragraph 5. The Danish Commerce Authority's inspections under this Act may be carried out in connection with inspections or investigations pursuant to other legislation in the Authority's field. The Danish Commerce Authority's inspections may be carried out in cooperation with other authorities which carry out inspections pursuant to legislation in their field.

Checks on receipt of annual reports, etc.

§ Section 159 a. In connection with the reporting of annual reports and other documents that must be submitted to the Board pursuant to this Act, the Danish Business Authority shall conduct an automatic check of the company's compliance with the provisions of this Act and the regulations issued pursuant to this Act. The Board may reject an annual report etc. containing errors and omissions by means of an immediate digital decision in connection with the reporting.

Paragraph 2. If the Danish Commerce Authority has rejected an annual report etc. pursuant to paragraph 1, the document shall not be published.

Ex-post control by the Danish Business Authority

§ Section 159 b. The Danish Business Authority shall conduct an inspection of annual reports received and other documents required to be submitted to the Authority under this Act in order to verify compliance with the following:

- 1) This law.
- 2) Accounting law.
- 3) Company law.
- 4) The Money Laundering Act.
- 5) Auditor Act.
- 6) Law on commercial foundations.
- 7) Law on certain commercial enterprises.
- 8) SE Act.
- 9) Council Regulation No 2157/2001/EC of 8 October 2001 on the Statute for a European company (SE).
- 10) SCE law.
- 11) Council Regulation 1435/2003/EC of 22 July 2003 on the Statute for a European Cooperative Society.
- 12) Council Regulation 2020/852/EU of 18 June 2020 establishing a framework for the promotion of sustainable investment and amending Regulation (EU) 2019/2088.
- 13) Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 laying down additional rules to Directive 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards specifying a common electronic reporting format.
- 14) Employee Investment Company Act.
- 15) Rules made pursuant to the laws and regulations in paragraphs 1-14.

Paragraph 2. If the annual report is drawn up in accordance with the international accounting standards referred to in Article 137, the Erhvervsstyrelsen shall also check whether the annual report has been drawn up in accordance with the standards.

§ Section 159 c. In special cases, the Danish Business Authority may use external assistance in carrying out an audit of an enterprise's annual report etc. in accordance with this Act.

§ Section 159 d. The Danish Business Authority may require an undertaking to obtain, within a specified period, a statement from an approved auditor, a lawyer or another expert as to the accuracy of information or statements given or submitted by the undertaking to the Authority in accordance with this Act or regulations issued pursuant to this Act. The person making a statement pursuant to paragraph 1 shall confirm in the statement that he is independent of the undertaking.

§ Section 159 e. The Danish Commerce Authority may, where it considers it appropriate, publish the fact that an inspection under Section 159 b is being or has been carried out. The Board may also publish the result of the verification.

Paragraph 2. The publication referred to in paragraph 1 shall be made on the website of the Danish Business Authority. The Danish Commerce Authority shall determine how the publication is to be made.

Paragraph 3. The decision of the Danish Business Authority to hand over cases for police investigation may be published on the website of the Danish Business Authority. The name of the company may appear in the publication.

Paragraph 4. Disclosure pursuant to paragraphs 1 to 3 may not be made if disclosure is deemed to be a threat to an ongoing criminal investigation or if disclosure would cause disproportionate harm.

Request for information

§ 160. The Danish Commerce Authority may require the enterprise, its current management or auditor or its former management or auditor to provide the information necessary to enable a decision to be made as to whether there has been a breach of the legislation referred to in section 159b(1) and the articles of association of the enterprise or whether a breach has ceased. In addition, the Danish Commerce Authority may require the company, its current management or auditor or its former management or auditor to provide the information necessary to determine whether annual reports prepared in accordance with international accounting standards have been prepared in accordance with the standards, as referred to in section 137.

Reactions to offences

§ 161. The Danish Commerce Authority may, in connection with an inspection under this Act or regulations issued pursuant to this Act

- 1) cite an infringement,
- 2) order that an error be corrected; and
- 3) order that an infringement be brought to an end.

Paragraph 2. The Danish Commerce Authority shall set a deadline for compliance with an injunction pursuant to paragraph 1(2) or (3).

Chapter 21 a

Verification of annual and interim reports of companies having securities admitted to trading on a regulated market in an EU/EEA country

§ Section 161 a. For companies domiciled in Denmark that have securities admitted to trading on a regulated market in an EU/EEA country, the FSA shall ensure compliance with the standards and rules for financial information referred to in paragraphs 2 and 3 in annual reports and interim reports, unless the company is subject to regulatory supervision in another EU/EEA country. When dealing with cases concerning entities covered by this Act, the Danish Business Authority shall take the place of the Danish Financial Supervisory Authority, cf. section 213, paragraphs 1-5 and 8, of the Capital Markets Act.

Paragraph 2. The Danish Business Authority shall ensure that annual reports and interim reports submitted by companies included in accounting class D that have securities admitted to trading on a regulated market in an EU/EEA country comply with the rules on financial information set out in the International Accounting Standards in accordance with the Regulation of the European Parliament and of the Council on the application of international accounting standards and the rules laid down in or pursuant to this Act.

Paragraph 3. The verification referred to in paragraph 1 shall also cover annual and interim reports prepared by undertakings included in accounting class A which have securities admitted to trading on a regulated market in an EU/EEA country, where the annual or interim report is not used exclusively for the undertaking's own purposes, as referred to in Article 3(2).

Paragraph 4. The control under paragraphs 1-3 does not include compliance with submission deadlines, etc. for publication by the Danish Business Authority.

Paragraph 5. In connection with the supervision referred to in paragraphs 2 and 3, the Danish Business Authority shall exercise the powers set out in Sections 160 and 161 of this Act, Section 162(1)(2) and (3) and Section 162(2), cf. Section 213(4) of the Capital Markets Act. In addition, the Danish Business Authority shall exercise the powers conferred on the Danish Financial Supervisory Authority by Section 213(5) of the Capital Markets Act.

Paragraph 6. If a company with its registered office in Denmark, which has securities admitted to trading on a regulated market in an EU/EEA country, fails to comply with its obligations under this Act, it may

- 1) The Danish Business Authority may order the undertaking concerned to change the situation, including an order to publish amended or additional information,
- 2) impose daily or weekly periodic penalty payments on the members of the management of the undertaking by way of coercive measures if the undertaking fails to comply with an injunction under point 1; or
- 3) The FSA suspends or deletes the affected securities from admission to trading on a regulated market in Denmark.

Section XI

Mandatory fines. Mandatory dissolution and deletion. Right of appeal. Penalties. Entry into force

Chapter 22

Penalties

§ 162. Members of the management of the undertaking may be fined daily or weekly by the Danish Commerce Authority as a means of coercion if they fail to

- 1) submit documents in due time and in due form in accordance with §§ 138-148 or provisions laid down pursuant to this Act,
- 2) comply with a request for information under section 160; or
- 3) comply with an injunction issued by the Board under section 161(2) and (3).

Paragraph 2. The company's auditor may also be subject to periodic penalty payments if he or she fails to provide information in accordance with Article 160.

Paragraph 3. Penalty payments shall be made to the Treasury.

Chapter 22 a

Forced dissolution and deletion

§ Section 162 a. The Danish Business Authority may request the probate court to dissolve an enterprise in accordance with the law applicable to the enterprise if it fails to

- 1) submit a declaration under section 159(d),
- 2) submit information under section 160; or
- 3) comply with an injunction issued under section 161(1)(2) or (3).

Paragraph 2. The Danish Business Authority may delete a branch of a foreign company from its register if the branch fails to submit a declaration or information or to comply with an order under paragraph 1, points 1-3. If the relationship concerns a partnership or limited partnership, the Board may delete the registration of the partnership or limited partnership from the Board's register.

Paragraph 3. The Danish Commerce Authority may set a time limit within which the company or branch of the foreign company must comply with a requirement under section 159d, section 160 or section 161, nos. 2 and 3. If the requirement is not complied with by the end of the period set by the Board, the Board may take a decision pursuant to paragraph 1 or 2.

Chapter 23

Access to justice

§ 163. Decisions taken by the Danish Business Authority pursuant to the Act, orders issued pursuant to the Act, accounting standards pursuant to Sections 136 and 137 and the Council Regulation on the application of international accounting standards may be appealed to the Danish Business Appeal Board within four weeks of the decision being notified to the person concerned, subject to paragraphs 2 and 3.

Paragraph 2. Decisions taken pursuant to Article 150(3) and Article 162a(1) and (2) and refusals of requests for extensions of time limits may not be appealed against to another administrative authority.

Paragraph 3. Decisions taken by the Danish Commerce Authority pursuant to regulations issued under Section 153a may not be appealed against to another administrative authority.

Paragraph 4. Decisions taken pursuant to section 161a(5) and (6) may be appealed against to the Commercial Appeals Board within four weeks of the decision being notified to the person concerned, cf. section 232(3), cf. subsection (1), of the Capital Markets Act.

Chapter 24

Punishment

§ 164. Violation of §§ 4-6, 8-16 and 18-134, § 137, paragraphs 2 and 3, and § 158 as well as Article 4 of the Council Regulation on the application of international accounting standards shall be punished by a

fine, unless higher

punishment is due under the Criminal Code. The same applies if a company which has opted to apply international accounting standards pursuant to Section 137(1) violates the provisions of the standards or Section 137(3).

Paragraph 2. Unless a higher penalty is prescribed by the Criminal Code, the members of the responsible management body of the undertaking, as referred to in Article 8, shall be liable to a fine if they have failed to have the annual accounts and any consolidated accounts audited without complying with the conditions laid down in Article 135(1), third indent, or if they have had the annual accounts and any consolidated accounts accompanied by a statement from a person who does not fulfil the conditions for the provision of statements laid down in section 135b. A person who has provided a statement for an annual report without fulfilling the conditions laid down in section 135b shall be liable to the same penalty.

Paragraph 3. Criminal liability may be imposed on companies or firms (legal persons) in accordance with the rules laid down in Chapter 5 of the Criminal Code.

Paragraph 4. Regulations issued under the Act may provide for a penalty of a fine for infringement of any provision of the regulations.

Paragraph 5. The Danish Business Authority may by order prescribe a penalty of a fine for infringement of the provisions of accounting standards issued pursuant to section 136(1).

Paragraph 6. Any person who fails to comply with an order issued by the supervisory authority pursuant to section 161a(6) or who provides false or misleading information to the supervisory authority shall be liable to a fine, unless a higher penalty is provided for in other legislation.

Par. 7. The limitation period for infringement of the provisions of the Act or regulations issued pursuant to the Act shall be 5 years.

Chapter 25

Entry into force and transition

§ 165. This Act shall enter into force on 1 January 2002 with effect for financial years beginning on or after 1 January 2002, subject to paragraphs 3 to 6.

Paragraph 2. At the same time, the Act on the presentation of annual accounts by certain companies, etc., cf. Consolidation Act No 526 of 17 June 1996, is repealed, without prejudice to paragraphs 3 and 6.

Paras 3-6 (Deleted)

§ 166. Paragraphs 1-4. (Omitted)

Paragraph 5. The Danish Commerce Authority may derogate from the transitional provisions of this Act and lay down additional transitional provisions to the extent necessary to ease the administrative burden of the transition to the application of the rules under this Act.

§ 167. The first time the entity changes the monetary unit used, as defined in section 16, this may be done without observing the conditions of section 13(2). However, the enterprise must comply with the disclosure requirements in Article 11(3), second indent.

§§ 168 and 169. (Deleted)

§ 170. The Act shall not apply to the Faroe Islands and Greenland, but may by royal decree be brought into force in whole or in part for those territories, with such exceptions as the particular circumstances of the Faroe Islands or Greenland may require.

Act No 516 of 12 June 2009 (Amendments resulting from the Companies Act) contains the following provision on entry into force, etc., as amended by Article 2 of Act No 159 of 16 February 2010:

§ 25

Paragraph 1. ²⁾ The Minister for Economic and Business Affairs shall determine the date of entry into force of the Act. The Minister may provide that the Act or parts thereof shall enter into force at different times. In particular, the Minister may lay down rules that derogate from those provisions of the Act that require adaptations of the Business Authority's IT system as regards registration and publication until the necessary adaptations of the IT system have been completed.

Paragraph 2. The Act shall not apply to Greenland, ..., but may ... be brought into force in whole or in part for Greenland by Royal Decree, with such exceptions as the particular circumstances of Greenland may require.

Paragraph 3. The Act shall not apply to the Faroe Islands ...

Paragraph 4 (Deleted)

Act No 616 of 12 June 2013 (Introduction of entrepreneurial companies, reduction of minimum requirements for the share capital of limited liability companies, abolition of the possibility of founding new limited liability companies subject to the Act on certain commercial companies, etc.) contains the following provisions on entry into force, etc:

§ 5

Paragraph 1. ³⁾ The Minister for Business and Growth shall determine the date of entry into force of the Act, without prejudice to paragraphs 2 and

3. The Minister for Business and Growth may in particular lay down rules to the effect that parts of the provisions of sections 1-4 shall enter into force at different times.

Paragraphs 2-3 (Deleted)

§ 6

Paragraph 1. Without prejudice to paragraph 2, the Act shall not apply to the Faroe Islands and Greenland.

Paragraphs 1-4 may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic circumstances require.

Act No 634 of 12 June 2013 (Strengthening the fight against economic crime) contains the following provisions on entry into force, etc:

§ 13

Paragraph 1. The Act shall enter into force on 1 July 2013.

Paragraphs 2 and 3 (Deleted)

§ 14

Paragraph 1. The Act shall not apply to the Faroe Islands and Greenland, subject to paragraphs 2 and 3.

Paragraph 2 (Deleted)

Paragraphs 3, 5-7, 10 and 11 may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions require.

Law No 1367 of 10 December 2013 (Annual Reports in English and Corporate Responsibility Statements) contains the following provisions on entry into force, etc:

§ 5

Paragraph 1. The Act shall enter into force on 1 January 2014, subject to paragraph 2.

Paragraph 2 (Deleted)

§ 6

Paragraph 1. The Act shall not apply to the Faroe Islands and Greenland, subject to paragraphs 2 and 3.

Paragraph 2 (Deleted)

Paragraph 3. The Act may, by Royal Decree, be brought into force in whole or in part for Greenland, with such amendments as Greenlandic conditions may require.

Law No 268 of 25 March 2014 (Implementation of the Credit Institutions and Capital Requirements Directive (CRD IV) and amendments resulting from the related Regulation (CRR) and legislation on SIFIs, etc.) contains the following provisions on entry into force, etc:

§ 22

Paragraph 1. The Act shall enter into force on 31 March 2014, subject to paragraphs 2 to 6.

Paragraphs 2-6 (Deleted)

§ 24

Sections 1-17 and 19-21 shall not apply to the Faroe Islands, but sections 1, 2, 4, 6-9, 11-13 and 21 may by Royal Decree be brought into force in whole or in part for the Faroe Islands with such modifications as the Faroese circumstances may require.

Paragraphs 1, 2, 4-17 and 19-21 shall not apply to Greenland, but paragraphs 1, 2, 4-13, 17 and 21 may by Royal Decree be brought into force in whole or in part for Greenland with such amendments as Greenlandic conditions may require.

Act No 712 of 25 June 2014 on commercial foundations contains the following provisions on entry into force, etc:

§ 133

Paragraph 1. ⁴⁾ The Minister for Business and Growth shall determine the date of entry into force of this Act, subject to paragraphs 2 to 14. The Minister for Business and Growth may, in particular, determine that different parts of the Act shall enter into force on different dates. However, Article 24(1) shall enter into force on 1 December 2014.

Paras 2-14 (Deleted)

§ 136

The Act does not apply to the Faroe Islands and Greenland, but may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions may require.

Act No 1284 of 9 December 2014 on employee investment companies contains the following provisions on entry into force, etc:

§ 48

The Act enters into force on the day following its publication in the Official Gazette. The Minister for Business and Growth will propose a revision of the Act by the 2017-18 parliamentary year.⁵⁾

§ 49

(Deleted)

§ 50

The Act does not apply to the Faroe Islands and Greenland, but may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions may require.

Act No 738 of 1 June 2015 (Reduction of administrative burdens, alignment with international accounting standards, implementation of the new Accounting Directive and of amendments to the Transparency Directive, etc.) contains the following provisions on entry into force, etc:

§ 7

Paragraph 1. The Act shall enter into force on 1 July 2015, subject to paragraph 2.

Paragraphs 2-7 (Deleted)

§ 8

(Deleted)

§ 9

Paragraph 1. The Act shall not apply to the Faroe Islands and Greenland, subject to paragraphs 2 and 3.

Paragraph 2. The Act may, by Royal Decree, be brought into force in whole or in part for Greenland, with such amendments as Greenlandic conditions may require.

Paragraphs 5 and 6 may be brought into force in whole or in part for the Faroe Islands by Royal Decree, with such amendments as Faroese circumstances may require.

Act No 1547 of 13 December 2016 (Amended requirements for owner registration, conditional legalisation of capital loans, etc.)⁶⁾ contains the following provisions on entry into force, etc:

§ 3

Paragraph 1. The Act shall enter into force on 1 January 2017.

Paragraphs 2 and 3 (Deleted)

§ 4

The Act shall not apply to the Faroe Islands and Greenland, but may by royal decree be brought into force in whole or in part in Greenland, with such modifications as the circumstances of Greenland may require.

Law No 665 of 8 June 2017 (Implementation of the Markets in Financial Instruments Directive (MiFID II) and amendments resulting from the Markets in Financial Instruments Regulation (MiFIR), etc.)⁷⁾ contains the following provisions on entry into force, etc:

§ 21

Paragraph 1. The Act shall enter into force on 3 January 2018, subject to paragraph 2.

Paragraphs 2-6 (Deleted)

§ 22

Paragraph 1. The Act shall not apply to the Faroe Islands, and sections 1 to 14 and 16 to 20 shall not apply to Greenland, subject to paragraphs 2 and

3.
Sections 1, 2, 4 to 6, 8, 12, 13, 16, 18 and 20 may be brought into force in whole or in part by Royal Decree for

Faroe Islands with the changes that the Faroese conditions require.

Sections 1 to 14, 16, 18 and 20 may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions may require.

Act No 1716 of 27 December 2018 (Adaptations to Directive 2013/34/EU of the European Parliament and of the Council, amendment of the requirements for the continuing education of auditors and strengthening of controls in connection with applications for authorisation to export cyber surveillance equipment)⁸⁾ contains the following provisions on entry into force, etc:

§ 5

Paragraph 1. The Act shall enter into force on 1 January 2019, subject to paragraph 2.

Paras 2-5 (Deleted)

§ 6

Paragraph 1. Notwithstanding section 51(1), second indent, of the Annual Accounts Act, when an undertaking makes initial changes to the methods of recognising and measuring assets and liabilities and income and expenses as a result of section 33 of the Annual Accounts Act as amended by section 1(7) and (8) of this Act and sections 83a or 83b of the Annual Accounts Act in the wording of section 1(38) and (39) of this Act, the changes may be made without restating comparative figures.

Paragraph 2 (Deleted)

Paragraph 3. Regulations issued pursuant to section 99a(8) and (9) and section 99b(1) and (2), cf. section 99a(8) and (9) of the Annual Accounts Act, cf. Legislative Decree No 1580 of 10 December 2015, shall remain in force until they are repealed or replaced by regulations issued pursuant to section 99a(9) and (10) and section 99b(8) and (9).

Paragraph 4 (Deleted)

§ 7

Paragraph 1. The Act shall not apply to the Faroe Islands and Greenland.

Paragraphs 1 and 2 may be brought into force for Greenland in whole or in part by Royal Decree, with such amendments as Greenlandic conditions may require.

Act No 445 of 13 April 2019 (Abolition of entrepreneurial companies and reduction of minimum requirements for the share capital of limited liability companies)⁹⁾ contains the following provisions on entry into force, etc:

§ 3

Paragraph 1. The Act shall enter into force on the day following its publication in the Official Gazette¹⁰⁾

Paragraph 2 (Deleted)

§§ 4-7

(Deleted)

§ 8

The Act does not apply to the Faroe Islands and Greenland, but sections 1, 2 and 4-7 may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions may require.

Act No 642 of 19 May 2020 (Control Package)¹¹⁾ contains the following transitional and entry into force provisions:

§ 7

Paragraph 1. The Act shall enter into force on 1 July 2020, subject to paragraphs 2 and 3.

Paras 2-11 (Deleted)

§ 8

Paragraph 1. The Act shall not apply to the Faroe Islands and Greenland, subject to paragraphs 2 and 3.

Section 5 may be brought into force in whole or in part for the Faroe Islands by Royal Decree, with such amendments as Faroese circumstances may require.

Paragraphs 1-5 may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions require.

Law No. 741 of May 30, 2020 (Data Ethics Reporting Requirements)¹²⁾ contains the following effective date provision:

§ 2

The law will enter into force on 1 July 2020 and will apply to financial years beginning on or after 1 January 2021.

§ 3

The Act does not apply to the Faroe Islands and Greenland, but may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions may require.

Law No. 568 of 10 May 2022 (Strengthening requirements for target figures and policies for the underrepresented sex)¹³⁾ contains the following transitional and entry into force provisions:

§ 11

Paragraph 1. The Act shall enter into force on 1 January 2023.

Paragraph 4 shall take effect for financial years beginning on or after 1 January 2023. For the first report after 1 January 2023, an undertaking shall include in the summary referred to in section 99b of the Annual Accounts Act, as amended by section 4(1).

§ 12

Paragraph 1. The Act shall not apply to the Faroe Islands and Greenland, subject to paragraphs 2 and 3.

Paragraphs 1-10 may be brought into force in whole or in part for Greenland by Royal Decree, with such amendments as Greenlandic conditions require. The Act may also be brought into force at different times.

Paragraphs 5 to 10 may be brought into force in whole or in part for the Faroe Islands by Royal Decree, with such amendments as Faroese circumstances may require. The Act may also be brought into force at different times.

Law No 695 of 24 May 2022 (Implementation of the Agreement on the Future Need for Revision)¹⁴⁾ contains the following transitional and entry into force provisions:

§ 2

Section 1, no. 1, shall enter into force on the day following its publication in the Danish Official Gazette¹⁵⁾.

Paragraph 1, Nos. 2-17, shall enter into force on 1 July 2022.

Paragraph 1(1) shall apply to financial years ending on or after 31 December 2021.

Paragraph 1(2) to (15) shall apply to financial years beginning on or after 1 January 2023.

§ 3

The Act does not apply to the Faroe Islands and Greenland, but may be brought into force for Greenland by Royal Decree, with such amendments as Greenlandic conditions require. The Act may also enter into force at different times.

Law No 700 of 24 May 2022 on accounting¹⁶⁾ contains the following transitional and entry into force provisions:

§ 34 (Deleted)

Paragraph 2. After consulting the Minister for Taxation, the Minister for Business shall determine the date of entry into force of sections 15 to 17, 19, 20, 24, 25, 27, 29 and 36. The Minister may provide that the provisions shall enter into force at different times, including that section 16(1) and (2) shall enter into force at different times for undertakings covered by different accounting classes under the Annual Accounts Act or under different turnover limits.

Paragraphs 3 and 4 (Deleted)

§ 35 (Deleted)

The Danish Business Authority, 14 November 2022

P.M.V.

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/ Susanne Thorhauge

⁽¹⁾ The Law contains provisions transposing parts of Council Directive 1982/891/EEC of 17 December 1982 concerning the division of public limited liability companies, Official Journal 1982, No L 378, p. 47, parts of Council Directive 1989/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State, Official Journal 1989, No L 395, p. 36, parts of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, Official Journal 2004, No L 395, p. 36, and parts of Directive 2004/891/EC of the European Parliament and of the Council of 21 April 2004 on the winding-up of public limited liability companies, Official Journal 2004, No L 378, p. 47. L 142, page 12, parts of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, Official Journal 2004 L 390, page 38, parts of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directive 1978/660/EEC and repealing Council Directive 1984/253/EEC, Official Journal 2006 L 390, page 38. L 157, p. 87, parts of Council Directive 2006/99/EC of 20 November 2006 adapting certain Directives in the field of company law, by reason of the accession of Bulgaria and Romania, Official Journal 2006 L 363, p. 137, parts of Directive 2011/35/EU of the European Parliament and of the Council of 5 April 2011 concerning mergers of public limited liability companies, Official Journal 2011 L 110, p. 1, parts of Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of the European Union pursuant to Article 54(1) of the Treaty on European Union, Official Journal 2012 L 110, p. 1. 2 of the Treaty on the Functioning of the European Union, in relation to the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent throughout the Community, Official Journal 2012 L 315, p. 74; parts of Directive 2013/24/EU of the Council of 13 May 2013 adapting certain Directives in the field of company law, by reason of the accession of the Republic of Croatia, Official Journal 2013 L 158, p. 365; parts of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual accounts, consolidated accounts and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, Official Journal 2013 L 182, p. 19, as amended by Directive 2014/95/EU of the European Parliament and of the Council of 22 June 2014 on the annual accounts of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, Official Journal 2013 L 182, p. 19 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large companies and groups, Official Journal 2014 L 330, p. 1, as amended by Directive 2014/102/EU of the European Parliament and of the Council of 7 October 2014 on the harmonisation of transparency requirements in relation to large companies and groups, OJ 2014 L 330, p. 1. Directive 2014/102/EU of the European Parliament and of the Council of 7 November 2014 adapting Directive 2013/34/EU of the European Parliament and of the Council on the annual accounts, consolidated accounts and related reports of certain types of undertakings, by reason of the accession of the Republic of Croatia, Official Journal 2014 L 334, p. 86, and parts of Directive 2013/50/EU of the European Parliament and of the Council of 22 December 2013 on the annual accounts of certain types of undertakings, Official Journal 2014 L 334, p. 86 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and European Commission Directive 2007/14/EC implementing certain provisions of Directive 2004/109/EC, Official Journal 2013, L 294, p. 13.

- (2) The following Orders have been issued for the purpose of implementing the said provision: Order No 186 of 22 February 2010, as amended by Order No 141 of 22 February 2011; Order No 136 of 22 February 2011, as amended by Order No 1189 of 19 October 2015, and Order No 242 of 11 March 2015.
- (3) The following notices have been issued pursuant to this provision: Order No 1385 of 15 November 2013 and Order No 242 of 11 March 2015.
- (4) The following Order has been issued to give effect to the said provision: Order No 1386 of 10 December 2014.
- (5) The Act was published in the Official Gazette on 10 December 2014.
- (6) The amendment to the Act concerns Section 35a(1)(1) and Section 97a(3).
- (7) The amendment to the Act concerns Section 159a and Section 163(4).
- (8) Lovændringen vedrører § 3, stk. 1, nr. 3, § 9, stk. 5, 1. pkt., § 13, stk. 1, nr. 5, § 17, stk. 1, 2. og 3. pkt., § 17, stk. 1, 2. pkt., § 22 a, stk. 3, nr. 1, § 33, stk. 1, 2nd indent, § 35 b, § 37, para. 1, 3rd indent, § 37 a, § 39, para. 2, 2nd indent, § 39, para. 3, § 43 a, para. 1 and paras. 3-6, § 49, 'Equity capital', § 55 a, § 58, nos. 2 and 3, § 58
a, § 59, § 78, paragraphs 3-5 and paragraph 7, § 83 a, § 83 b, § 88, paragraph 2, § 96, paragraph 1, second indent, § 97 a, paragraphs 1-3, § 99, paragraphs 1-3, § 99 a, § 99 b, § 99 c, paragraph 8, first indent, § 101, paragraph 1, no. 1, § 102, paragraphs 3-5, § 107 d, § 110, paragraphs 2-5, § 111, paragraph 1, § 112, paragraph 2, no. 2, § 118, paragraph 2, § 119, paragraph 3, § 121, paragraph 2, § 124, paragraph 2, second indent, § 125, paragraph 2, point 3, § 126, paragraph 1, points 5 and 10, § 126, paragraphs 4-7, § 128, paragraphs 2-5, § 128 a, paragraph 1, first indent, § 134 a, § 135, paragraph 3, first indent, § 144, paragraph 1, point 6, § 159(1)(1), § 167(2), Annex 1, B, Nos 5-7, Annex 1, C, No 13, Annex 2, Schedule 1, SHARES, ASSETS, III. Financial fixed assets, Nos 3 and 4, Annex 2, Schedule 1, ASSETS, SHAREHOLDINGS, II. Receivables, No 3, Annex 2, Schedule 1, LIABILITIES, LONG-TERM LIABILITIES, No 8, Annex 2, Schedule 1, LIABILITIES, SHORT-TERM LIABILITIES, No 8, Annex 2, Schedule 2, ASSETS, LONG-TERM ASSETS, III. Financial assets, Nos 3 and 4, Annex 2, Schedule 2, SHARES, SHORT-TERM SHARES, II. Receivables, No 3, Annex 2, Schedule 2, LIABILITIES, LONG-TERM LIABILITIES, No 11, Annex 2, Schedule 2, LIABILITIES, SHORT-TERM LIABILITIES, No 10, Annex 2, Schedule 3, No 10(b) and Annex 2, Schedule 4, No 7(b).
- (9) The amendment to the Act relates to § 35 c Annex 2, Schedule 1, LIABILITIES, EQUITY, IV. Other reserves, No. 4 and Annex 2, LIABILITIES, EQUITY, IV. Other reserves, No. 4.
- (10) The Act was published in the Official Gazette on 14 April 2019.
- (11) The amendment to the Act concerns Section 32(4), Section 135(7), first indent, Section 138(6) and (7), Section 154(1), second and third indents, Section 155b(1), second indent, Section 156(3), first indent, Sections 159-159 e, § 160, 1st and 2nd indent, §§ 161 and 161 a, § 162, paragraph 1, point 3, § 162 a, § 163, paragraphs 2 and 4, and § 164, paragraph 6.
- (12) The amendment to the Act relates to Section 99 d and Section 128(2)(1).
- (13) The amendment to the Act relates to Sections 99b and 128(2)(1).
- (14) The amendment to the Act concerns Section 15(4)(1), Section 22(1)(2), Section 68, Section 78(2), Section 102(2), Section 135(1)(2) and (3), Section 135(2) to (8), Sections 135a and 135a
b, § 138, paragraph 1, second indent and paragraph 2, first indent, § 141, paragraph 2, fourth indent, § 143, paragraph 1, first indent, § 150, paragraph 1, second indent, § 159 b, paragraph 1, points 11-15 and § 164, paragraph 2.
- (15) The Act was published in the Official Gazette on 25 May 2022.
- (16) The amendment concerns section 138a.

Definitions

For the purposes of this Act

A. General

1. Active market:

A market in which transactions in the asset or liability occur with sufficient frequency and in sufficient volume to provide pricing information on an ongoing basis.

2. Capital shares:

Shares in limited companies (shares), in partnerships (shares) and in the equity of other enterprises.

3. Minority interests:

Equity interests in consolidated enterprises held by enterprises other than group enterprises.

4. Monetary items:

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

5. State-owned joint stock companies:

A limited liability company to which the Danish State has the same connection with the company as a parent company has with a subsidiary, cf. section 351, cf. sections 6 and 7 of the Companies Act.

6. Company management:

The members of the responsible management bodies, who respectively exercise the functions of senior management and day-to-day management in accordance with the laws, regulations, agreements or practices applicable to the undertaking. In undertakings which have a supervisory body or board, the supervisory body or board shall be subject to the provisions applicable to the supreme management body. Where there is no separate management body of the undertaking, the owners personally responsible shall be deemed jointly to constitute the responsible management body.

7. Corporate Participant:

A shareholder, partner or other owner of shares in a company.

8. Working capital:

Capital contributed to the enterprise by its participants. In the case of joint stock companies, the company's capital consists of the share capital.

B. Groups etc.

1. Group:

A parent company and all its subsidiaries.

2. Parent company:

A company which has a controlling influence over one or more subsidiary companies.

A subsidiary can have only one direct parent. Where several undertakings meet one or more of the criteria in paragraph 4, only the undertaking which can effectively exercise the dominant influence over the financial and operating decisions of the undertaking shall be considered as the parent undertaking.

3. Daughter company:

An entity controlled by a parent.

4. Controlling influence in relation to a subsidiary:

Control is the power to govern the financial and operating policies of a subsidiary.

Control over a subsidiary exists when the parent owns, directly or indirectly through a subsidiary, more than half of the voting power of an undertaking, unless in exceptional circumstances it can be clearly demonstrated that such ownership does not constitute control.

If a parent does not own more than half of the voting power of an entity, control exists if the parent has

- 1) holds more than half of the voting rights by virtue of an agreement with other investors,
- 2) the power to manage the financial and operating affairs of an undertaking in accordance with a statute or agreement,
- 3) has the power to appoint or remove the majority of the members of the board of directors and that board has the power to govern the undertaking, or
- 4) holds the actual majority of votes at the general meeting or in an equivalent body and thereby has the actual controlling influence over the company.

The existence and effect of potential voting rights, including subscription rights and purchase options of equity interests, that are currently exercisable or convertible shall be taken into account when assessing whether an entity has the power to govern the financial and operating policies of another entity.

In determining the voting rights of a subsidiary, voting rights attaching to shares held by the subsidiary itself or its subsidiaries are disregarded.

5. Associated company:

An enterprise which is not a subsidiary but in which another enterprise and its subsidiaries have a participating interest and exercise a significant influence over the operating and financial management of the enterprise. An undertaking is presumed to exercise significant influence if the undertaking and its subsidiaries together hold 20 % or more of the voting rights.

6. Capital interest:

The right of an undertaking or an undertaking and its subsidiaries over the equity of another undertaking where the purpose of the holding is to promote the undertaking's own activities through a durable link with the other undertaking. An interest in the equity of another enterprise shall be presumed to be an equity interest when the interest represents 20 per cent or more of the equity of the other enterprise.

7. Affiliated company:

A company's subsidiary, its parent and its subsidiary.

C. Elements of the annual report

1. Active:

Resources that are under the control of the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

2. Fixed assets:

Assets intended for the permanent possession or use of the enterprise.

3. Current assets:

Non-current assets.

4. Short-term assets:

An asset shall be classified as current in Schedule 2 if it meets one of the following criteria:

- a) It is expected to be realised or it is held for the purpose of sale or consumption in the ordinary course of business.
- b) It was held primarily for trading purposes.
- c) It is expected to be realised within 12 months of the balance sheet date.
- d) It is in the form of cash or cash equivalents unless it is subject to a restriction that prevents it from being converted into cash or used to settle a liability for at least 12 months after the balance sheet date.

5. Long-term assets:

Assets which are not considered as current assets in accordance with point 4 shall be considered as non-current assets.

6. Financial assets:

Assets in the form of

- 1) cash,
- 2) agreed right to receive cash or other financial assets from third parties,
- 3) an agreed right to exchange financial assets or liabilities with third parties on terms that may be favourable; or
- 4) right over the equity of another company.

7. Commitments:

Existing obligations of the entity arising from past events, the settlement of which is expected to result in the surrender of future economic benefits.

8. Financial liabilities:

Commitments in the form of

- 1) an agreed obligation to deliver cash or other financial assets to a third party; or
- 2) agreed obligation to exchange financial assets or liabilities with third parties on terms that may be unfavourable.

9. Deferred liabilities:

Liabilities of uncertain amount or timing, relating to the financial year or prior periods.

10. Contingent assets:

Items that exist at the balance sheet date as a result of past events and that may result in future economic benefits, but for which the existence of the asset can be confirmed only by one or more uncertain future events that are beyond the control of the entity.

11. Contingent liabilities:

- 1) conditions that exist at the balance sheet date as a result of past events and that may result in the surrender of future economic benefits, but for which the existence of the obligations can be confirmed only by one or more uncertain future events that are beyond the control of the entity; or
- 2) liabilities that exist at the balance sheet date as a result of past events but where settlement is not likely to result in the realisation of future economic benefits; or
- 3) liabilities whose amount cannot be measured with sufficient reliability.

12. Revenue:

Increases in economic benefits during the accounting period in the form of additions or increases in the value of assets or decreases in liabilities that result in increases in equity. However, income does not include contributions from owners.

13. Net turnover:

The sales value of products and services, etc., less price reductions, value added tax and other taxes directly linked to the amount of the sale.

14. Cost:

Decrease in economic benefits during the reporting period in the form of disposal or impairment of assets or increase in liabilities, resulting in a decrease in equity. However, costs do not include dividends or distributions to owners.

D. Measurement basis etc.

1. Amortised cost:

Amortised cost is the value at which a financial asset or financial liability was measured on initial recognition at

- 1) deduction of instalments,
- 2) an addition to or deduction from the total depreciation of the difference between the amount initially recognised and the amount falling due at maturity; and
- 3) deduction of depreciation.

2. Daily value:

Fair value is the amount for which an asset could be exchanged, or a liability settled, in transactions between unrelated parties.

3. Replacement value:

For an asset, the replacement cost is the price to be paid to acquire a similar asset at the balance sheet date.

4. Recoverable value:

For an asset, the recoverable amount is the higher of its capital value and its selling price less expected costs to sell.

5. Net present value:

For an asset, the capital value is the discounted value (present value) of the future net cash flows expected to be derived from the use of the asset in its present function. The net present value of a liability is the discounted value (present value) of the net future cash payments expected to be made during the life of the liability.

6. Cost:

For an asset, cost is the amount of consideration given for the asset, whether acquired from an external party or internally produced. The cost of a liability is the amount received as consideration for the liability.

7. Net realisable value:

For an asset, the net realisable value is the sum of the future net cash receipts expected to be generated by the asset in the ordinary course of business at the balance sheet date. The net realisable value of a liability is the sum of the net future cash payments expected to be made over the life of the liability.

8. Production method:

The production method is a revenue method under which revenue and costs are recognised in the economic outturn account as work is performed. When the production method is used, work in progress is measured in the balance sheet at the estimated selling price of the work performed.

The sales value of work in progress represents the proportion of the contract price or estimated sales price earned for the share of the total contract work performed at the balance sheet date.

9. Sales value:

For an asset, the selling price is the price at which the asset can be sold at the balance sheet date. The selling price of a liability is the price to be paid to discharge the liability at the balance sheet date.

Balance sheet and profit and loss account formats

1. Balance sheet in the form of an account (accounting classes B, C and D)

SHARE

APPLICATIONS

I. Intangible fixed assets

1. Completed development projects, including patents and similar rights arising from development projects
2. Acquired concessions, patents, licences, trade marks and similar rights
3. Goodwill
4. Development projects in progress and advance payments for intangible fixed assets

II. Tangible fixed assets

1. Land and buildings
2. Production plants and machinery
3. Other equipment, furniture and fixtures
4. Tangible fixed assets in course of construction and advance payments for tangible fixed assets

III. Financial fixed assets

1. Shares in affiliated enterprises
2. Receivables from affiliated enterprises
3. Capital interests
4. Receivables from participating interests
5. Other securities and equity
6. Other receivables
7. Receivables from participants and management

CURRENT ASSETS

I. Inventories

1. Raw materials and consumables
2. Goods in process
3. Manufactured and traded goods
4. Prepayments for goods

II. Receivables

1. Receivables from sales and services
2. Receivables from affiliated enterprises
3. Receivables from participating interests
4. Other receivables
5. Claims for payment of company capital and share premium
6. Receivables from participants and management
7. Accruals and deferred income

III. Securities and equity investments

1. Shares in affiliated enterprises
2. Other securities and equity

IV. Cash and cash

equivalents

LIABILITIES EQUITY

I. Working capital

II. Premium on issue

III. Revaluation reserve

IV. Other reserves

1. Reserve for net revaluation using the equity method
2. Lending and guarantee reserve
3. Reserve for unpaid share capital and share premium
4. Reserve for development costs
5. Other statutory reserves
6. Statutory reserves
7. Other reserves

V. Surplus or deficit carried forward

PROVISIONS

1. Provisions for pensions and similar obligations
2. Provisions for deferred taxes
3. Other provisions

LONG-TERM DEBT OBLIGATIONS

1. Debt contracted through the issue of bonds
2. Convertible and participating bonds
3. Debts to credit institutions
4. Prepayments received from customers
5. Suppliers of goods and services
6. Exchangeable debt
7. Debts to affiliated undertakings
8. Debt to equity holders
9. Other debts, including taxes and social security contributions payable
10. Accruals and deferred income

SHORT-TERM DEBT OBLIGATIONS

1. Debt contracted through the issue of bonds
2. Convertible and participating bonds
3. Debts to credit institutions
4. Prepayments received from customers
5. Suppliers of goods and services
6. Exchangeable debt
7. Debts to affiliated undertakings
8. Debt to equity holders
9. Other debts, including taxes and social security contributions payable
10. Accruals and deferred income

2. Balance sheet schedule in the form of an account - breakdown into long-term and short-term assets and liabilities (accounting classes B, C and D)

SHARE

LONG-TERM ASSETS

I. Intangible assets

1. Completed development projects, including patents and similar rights arising from development projects
2. Acquired concessions, patents, licences, trade marks and similar rights
3. Goodwill
4. Development projects in progress and advance payments for intangible assets

II. Tangible assets

1. Land and buildings
2. Production plants and machinery
3. Other equipment, furniture and fixtures
4. Tangible assets under construction and advance payments for tangible assets

III. Financial assets

1. Shares in affiliated enterprises
2. Receivables from affiliated enterprises
3. Capital interests
4. Receivables from participating interests
5. Other securities and equity
6. Other receivables
7. Receivables from participants and management

SHORT-TERM ASSETS

I. Inventories

1. Raw materials and consumables
2. Goods in progress
3. Manufactured and traded goods
4. Prepayments for goods

II. Receivables

1. Receivables from sales and services
2. Receivables from affiliated enterprises
3. Receivables from participating interests
4. Other receivables
5. Claims for payment of company capital and share premium
6. Receivables from participants and management
7. Accruals and deferred income

III. Securities and equity investments

1. Shares in affiliated enterprises
2. Other securities and equity

IV. Cash and cash equivalents

LIABILITIES

EQUITY

I. Working capital

II. Premium on issue

III. Revaluation reserve

IV. Other reserves

1. Reserve for net revaluation using the equity method
2. Lending and guarantee reserve
3. Reserve for unpaid share capital and share premium
4. Reserve for development costs
5. Other statutory reserves
6. Statutory reserves
7. Other reserves

V. Surplus or deficit carried forward

LONG-TERM LIABILITIES

1. Pensions and similar obligations
2. Deferred tax
3. Other provisions
4. Debt contracted through bond issues
5. Convertible and participating bonds
6. Debts to credit institutions
7. Prepayments received from customers
8. Suppliers of goods and services
9. Exchangeable debt
10. Debts to affiliated undertakings
11. Debt to equity holders
12. Other debts, including taxes and social security contributions payable
13. Accruals and deferred income

SHORT-TERM LIABILITIES

1. Pensions and similar obligations
2. Other provisions
3. Debt contracted through bond issues
4. Convertible and participating bonds
5. Debts to credit institutions
6. Prepayments received from customers
7. Suppliers of goods and services
8. Exchangeable debt
9. Debts to affiliated undertakings
10. Debt to equity holders
11. Other debts, including taxes and social security contributions payable
12. Accruals and deferred income

3. Profit and loss account table in narrative form, by species (accounting classes B, C and D)

(* next to the item indicates that small and medium-sized enterprises may aggregate the item, see §§ 32 and 81. Gross profit/gross loss in brackets should then be placed instead)

1. Net turnover *
2. Change in stocks of finished goods and work in progress *
3. Work done on own account and included in assets *
4. Other operating income *
5. External costs *
 - a) Cost of raw materials and consumables *
 - b) Other external costs * (Gross profit/Gross loss)
6. Personnel costs
 - a) Salaries
 - b) Pensions
 - c) Other social security costs
7. Depreciation and amortisation of tangible and intangible fixed assets
8. Impairment losses on current assets in excess of normal depreciation
9. Other operating costs
10. Income from investments in affiliated and associated enterprises
 - a) Income from investments in affiliated enterprises
 - b) Income from participating interests
11. Income from other long-term equity investments, securities and receivables
12. Other financial income from affiliated enterprises
13. Other financial income
14. Impairment of financial assets
15. Other financial charges
 - a) Financial charges arising from affiliated enterprises
 - b) Other financial charges
16. Tax on profit for the year
17. Other taxes
18. Result for the year

4. Profit and loss account table in the form of a report, broken down by function (accounting classes B, C and D)

(* next to the item indicates that small and medium-sized enterprises may aggregate the item, see §§ 32 and 81. Gross profit/gross loss in brackets should then be placed instead)

1. Net turnover *
2. Production costs *
3. Gross profit * (Gross profit/Gross loss)
4. Distribution costs
5. Administrative costs
6. Other operating income *
7. Income from investments in affiliated and associated enterprises
 - a) Income from investments in affiliated enterprises
 - b) Income from participating interests
8. Income from other long-term equity investments, securities and receivables
9. Other financial income from affiliated enterprises
10. Other financial income
11. Impairment of financial assets

- 12. Other financial charges
 - a) Financial expenses arising from affiliated enterprises
 - b) Other financial charges
- 13. Tax on profit for the year
- 14. Other taxes
- 15. Result for the year