

ACCOUNTING AND BOOKKEEPING

The Danish accounting regulation is closely aligned with international accounting standards such as the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). Therefore, significant adaptation is not required in order to comply with the Danish regulation as the international accounting standards are familiar. The regulation applies to all business enterprises, with a few notable exemptions.

What kind of business enterprises are subject to the Danish accounting regulation?

Initially, all business enterprises in Denmark are covered by The Danish Financial Statements Act. The Act is based on present value accounting, as opposed to historic cost, and takes such international accounting standards as the IAS, the IFRS, the FAS etc. into consideration.

What does the Danish Financial Statements Act require of business enterprises?

Under the Act, most Danish limited liability enterprises are required to file an annual report with the Danish Commerce and Companies Agency. The types of business enterprises obligated to file an annual report include the following:

1. Public Limited Companies
2. Private Limited Companies
3. Limited Partnership Companies
4. Partnerships in which all partners are Public Limited Companies, Private Limited Companies or Limited Partnership Companies.
5. Limited Partnerships in which all general partners are Public Limited Companies, Private Limited Companies, or Limited Partnership Companies.

In addition to the filing requirement, annual reports must generally be audited by an external and independent state authorised or registered public auditor. Certain small enterprises are exempted from this obligation.

The annual report also needs to be approved on the company's general meeting in due time for the annual report to be received by the Danish Commerce and Companies Agency (no later than five months after the end of a financial year). Generally, a financial year must cover a period of 12 months.

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The five-month period only applies to non-listed companies whereas for listed companies, the annual report is to be received by the Danish Commerce and Companies Agency four months after the end of a financial year.

Are there any business enterprises who are not obliged to file an annual report?

The most popular business enterprises which are not required to file an annual report are partnerships where at least one partner is not a limited liability entity and limited partnerships where at least one general partner is not a limited liability entity. For example, it is common to see Danish law firms established as partnerships or limited partnerships, where at least one partner or general partner is not a limited liability entity.

What is the view on branches of foreign companies established in Denmark?

A Danish branch of a foreign company is not required to file an annual report itself. Instead, an annual report of the relevant foreign company must be filed with the Danish Commerce and Companies Agency.

How may Danish bookkeeping regulation be described?

Bookkeeping is regulated by the Danish Bookkeeping Act, which prescribes a five-year obligation to save the bookkeeping material. The bookkeeping material must generally be kept in Denmark, unless an exemption is granted. However, such material may be kept abroad for a short period of time provided certain conditions are met. This is useful if bookkeeping is carried out centrally within a group of companies.

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