Overview of significant differences between the current Danish Financial Statements Act, the new Danish Financial Statements Act and IFRS

April 2016

Introduction

In this publication, we provide you with an overview of the most significant differences between the current Danish Financial Statements Act, the new Danish Financial Statements Act (applicable to financial years starting on or after 1 January 2016) and current IFRS standards.

The publication primarily focuses on recognition and measurement differences and only highlights a few of the differences in terms of disclosure and presentation.

Please note that only significant differences are included and that application of this overview does not guarantee identification of all differences. This will require a more detailed analysis of the entity's specific circumstances and transactions.

Adopted IFRS standards that have not yet come into force are not discussed, e.g. IFRS 9, IFRS 15 and IFRS 16.

Yours sincerely
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Overview of significant differences between the Danish Financial Statements Act and IFRS

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
General points on the elements and components of the annual report			
General points	• The Danish Financial Statements Act is based on IAS 2001. To a wide extent, reference is made to IAS in legislative material and legislative comments. • To a limited extent, new and updated standards can be applied to the extent that they do not contradict the Danish Financial Statements Act and the declarations of the Danish Business Authority.	• To a wide extent, the Danish Financial Statements Act is aligned with the current IFRSs in terms of recognition and measurement. • In certain areas, it is possible to choose specific IFRSs in full, for instance financial instruments, related party disclosures, segment information and fair value measurement. This entails that both recognition/measurement and disclosures for the areas in question must be applied. • Specific provisions for how to apply future IFRSs as a basis (for instance relevant to companies reporting to a parent company that presents its financial statements in accordance with IFRS).	
Management's review	• Detailed requirements for the Management's review that increase in line with the size of the entity.	• Detailed requirements for the Management's review that increase in line with the size of the entity. The most significant changes from old Act include: – The statement by Management can be omitted if there is only one member of Management – Disclosure of payments to authorities – New requirements for the corporate social responsibility statement.	• IFRS does not contain requirements regarding the Management's review, but the statutory order on the adoption of IFRS by financial institutions subject to the Danish Financial Business Act requires that a Management's review should be prepared in accordance with the Danish Financial Statements Act for IFRS preparers. • However, IFRS has issued "Practice Statement Management Commentary", which is not mandatory.
Income statement/statement of comprehensive income	• Format requirements with few adjustment possibilities.	• Format requirements with few adjustment possibilities. • New line items, for instance discontinued operations and possibility for special items in certain cases.	• No specific format requirements, but requirement as to presentation of certain line items.

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Income statement/statement of comprehensive income (continued)	• Income statement is required. No requirements for or possibility for presentation of statement of comprehensive income.	• Income statement is required. No requirements for or possibility for presentation of statement of comprehensive income.	• Requirement as to "a statement of profit or loss and other comprehensive income" or a separate "income statement" and a "statement of other comprehensive income".
	• Costs are presented classified by function or by type.	• Costs are presented classified by function or by type.	• Costs are presented classified by function or by type. If classified by function, supplementary information in the notes shall be provided regarding the nature of the costs, including depreciation, amortisation and staff costs.
	• Non-controlling interests' proportionate share of the subsidiaries' results is excluded from the Group's results.	• Non-controlling interests' proportionate share of the subsidiaries' results is presented as a separate item in Management's proposed profit appropriation or distribution of loss.	• The Group's profit/loss for the year is allocated between parent company shareholders and non-controlling interests.
	• Certain items are not recognised in the income statement but are recognised directly in equity. For example: – Revaluation pursuant to sections 41 and 46 – Acquisition and disposal of treasury shares – Value adjustment of cash flow hedges – Foreign currency translation of independent foreign entities; section 39(2) – Change of accounting policies; section 13(2) – Correction of fundamental errors; section 52(2) – Contribution and distribution to/from shareholders – Distribution to parties other than shareholders in accordance with articles of association.	• Certain items are not recognised in the income statement but are recognised directly in equity. For example: – Revaluation pursuant to section 41 – Acquisition and disposal of treasury shares – Value adjustment of cash flow hedges – Foreign currency translation of independent foreign entities; section 39(2) – Change of accounting policies; section 13(2) – Correction of significant errors; section 52(2) – Contribution and distribution to/from shareholders – Distribution to parties other than shareholders in accordance with articles of association.	• Certain items are presented as other comprehensive income in continuation of the statement of profit and loss. • Other comprehensive income must be divided into items that may subsequently be reclassified to the profit/loss and items that can never be reclassified. • Tax on items in other comprehensive income shall be disclosed separately and specified by item in the notes.

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Income statement/statement of comprehensive income (continued)	• Items attributable to events that are not ordinary and that cannot be expected to recur must be presented as extraordinary items in the income statement.	• Items that are special due to their nature or size must be presented as special items in the notes. To the extent that a special item is presented as a separate line item in the income statement, there is no requirement to provide additional information in the notes in this respect. • No items can be presented as extraordinary in the income statement.	• When items of income or cost are material, their nature and size shall be disclosed separately. Presentation should be made either in the notes or in the statement of profit and loss and other comprehensive income. • No items can be presented as extraordinary in the profit/loss or other comprehensive income.
	• Requirement to present the profit appropriation/distribution of loss in the income statement.	• Dividends and extraordinary dividends must be disclosed separately in the profit appropriation/distribution of loss. Distribution of extraordinary dividends after the balance sheet date must be stated in connection with the profit appropriation/distribution of loss.	• No requirement for profit appropriation/distribution of loss in the income statement.
	• No requirement for presentation of "Earnings per share" and "Diluted earnings per share".	• No requirement for presentation of "Earnings per share" and "Diluted earnings per share".	• Presentation of "Earnings per share" and "Diluted earnings per share" in connection with the group results is required for companies with listed shares.
Balance sheet	• Format requirements with few adjustment possibilities. • The balance sheet can be presented in either account form or report form.	• Format requirements with few adjustment possibilities. • Format for the balance sheet in account form is carried on with restatements. • New IFRS-like format for the balance sheet in account form. • Format for the balance sheet in report form is cancelled.	• No specific format requirements, but requirement as to presentation of certain items.
	• Classification as fixed and current assets.	• Classification as fixed and current assets (format 1) or as non-current and current assets (format 2).	• Only classification as non-current and current assets.
	• Deferred tax assets are presented as a current asset.	• Deferred tax assets are presented as a current asset (format 1) or as a non-current asset (format 2).	• Deferred tax assets shall be presented as non-current.
	• Provisions are presented in a separate main caption.	• Provisions are presented in a separate main caption (format 1) or as non-current/current liabilities (format 2).	• Provisions are presented as non-current/current liabilities.

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Balance sheet (continued)	• Deferred tax liabilities are presented as provisions (separate main caption).	• Deferred tax liabilities are presented as provisions (format 1) or as non-current liabilities (format 2).	• Deferred tax liabilities are presented as non-current liabilities.
	• No requirement for a third balance sheet.	• No requirement for a third balance sheet.	• Presentation of opening balance sheet (third balance sheet) for the preceding year is required if significantly affected by changes in accounting policies, changes in classification of balance sheet items or correction of material errors.
	• Non-controlling interests are presented in a separate main group between the group equity and liabilities.	• Non-controlling interests are presented as a separate item under group equity.	• Non-controlling interests are presented as a separate item under group equity.
Statement of changes in equity	• Reporting class B entities must present either a complete or a summary statement.	• Apart from reporting class B entities, all entities must present a statement of changes in equity. Each component of equity must be explained from beginning of year to end of year. Changes in the items "Revaluation reserve" and "Reserve for development costs" must be presented separately.	• IFRS preparers must present a statement of changes in equity. The statement must include "Profit/loss for the year", "Other comprehensive income" and "Transactions with owners" for each item.
	• Presentation of statement of changes in equity as either a primary statement or in the notes is required.	• The statement of changes in equity must be presented as a primary statement.	• The statement of changes in equity shall be presented as a primary statement.
	• No requirement for a cash flow statement for reporting class B. • If a parent company prepares consolidated financial statements including a consolidated cash flow statement, the parent company may omit to prepare its own cash flow statement. • A subsidiary may omit to prepare a cash flow statement if a higher-ranking parent company prepares a consolidated cash flow statement that includes the subsidiary's cash flows.	• No requirement for a cash flow statement for reporting class B. • If a parent company prepares consolidated financial statements including a consolidated cash flow statement, the parent company may omit to prepare its own cash flow statement. • A subsidiary may omit to prepare a cash flow statement if a higher-ranking parent company prepares a consolidated cash flow statement that includes the subsidiary's cash flows.	• A cash flow statement is required in both consolidated and in separate financial statements.

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Cash flow statement	• Few requirements for the presentation of a cash flow statement. However, breakdown of cash flows by operating activities, investing activities and financing activities is required.	• Few requirements for the presentation of a cash flow statement. However, breakdown of cash flows by operating activities, investing activities and financing activities is required.	• Separate presentation of cash flows by operating activities, investing activities and financing activities is required. • Restrictive definition of cash and cash equivalents. • Requirement for elimination and disclosures of non-cash transactions.
Consolidated financial statements			
Consolidated financial statements	• The group definition in the Danish Financial Statements Act is based on IAS 27 on control over financial and operational decisions to obtain a return thereon.	• The group definition in the Danish Financial Statements Act is based on IAS 27 on control over financial and operational decisions to obtain a return thereon.	• Group structure is determined based on whether the entity has power over relevant activities, exposure to variable returns and coherence between right of power and return.
	• An associate relationship requires that an entity or its subsidiary holds an equity interest in the other entity and also exercises significant influence.	• An associate relationship requires that an entity or its subsidiary must hold an equity interest in the other entity and also exercises significant influence.	• For an associate relationship to exist, no equity interests are required but significant influence is.

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Consolidated financial statements (continued)	• Option to exclude a subsidiary from consolidation on the following conditions: – Significant and continuous obstruction significantly limits the parent company's exercise of its rights over the subsidiary's assets or management – The necessary information cannot be obtained within a reasonable deadline or without disproportionate costs – The subsidiary has not previously been included in the consolidated financial statements by consolidation, and the parent company solely holds equity investments in the subsidiary temporarily for the purpose of subsequently transferring them or – The entity is a commercial parent foundation that only to a limited extent carries out commercial activities and does not, except for convertible debt instruments and non-distributed dividend, have receivables from or has not provided security for any of its subsidiaries.	• Options to exclude a subsidiary from consolidation on the following conditions: – Significant and continuous obstruction significantly limits the parent company's exercise of its rights over the subsidiary's assets or management – The necessary information cannot be obtained within a reasonable deadline or without disproportionate costs – The subsidiary has not previously been included in the consolidated financial statements by consolidation, and the parent company solely holds equity investments in the subsidiary temporarily for the purpose of subsequently transferring them or – The entity is a commercial parent foundation that only to a limited extent carries out commercial activities and does not, except for convertible debt instruments and non-distributed dividend, have receivables from or has not provided security for any of its subsidiaries.	• Very few options to exclude subsidiaries from consolidation, typically based on the fact that the investor does not have control.
	• If the equity method is applied for associates, goodwill must be amortised.	• If the equity method is applied for associates, goodwill must be amortised.	• If the equity method is applied for associates, goodwill cannot be amortised.
		• A number of matters are expected to be clarified in the upcoming guidance from the Danish Business Authority (see next section regarding business combinations).	

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Business combinations	• The legally acquired business must be revalued.	• The in-substance acquired business must be revalued.	• The in-substance acquired business must be revalued.
	• Option to recognise the restructuring provision regarding the acquired entity if certain conditions are met.	• Restructuring provisions in the acquired entity can only be recognised if the provision already meets the definition of a liability in the acquired entity at the acquisition date.	• Restructuring provisions in the acquired entity can only be recognised if the provision already meets the definition of a liability in the acquired entity at the acquisition date.
	• Goodwill must be amortised over the expected useful life, however, not exceeding 20 years.	• Goodwill must be amortised over the expected useful life. If the useful life cannot be estimated reliably, the useful life must be determined at 10 years.	• Goodwill is not amortised but shall be tested for impairment at least once a year.
	• Negative goodwill must be recognised as income on a systematic basis.	• Negative goodwill must be recognised as income at the acquisition date.	• Negative goodwill shall be recognised as income at the acquisition date.
	• The uniting-of-interests method can be applied under certain assumptions and always in connection with intra-group transactions where the combined businesses are subject to the same control. The combination must be carried out as if the entities had been combined as from the earliest period included in the financial statements.	• The uniting-of-interests method can be applied in connection with intra-group transactions and where the combined businesses are subject to common control. The combination can be carried out as if the entities had been combined as from the earliest period included in the financial statements or as if the combination took place at the acquisition date. When applying the latter method, the Danish Business Authority accepts that the first day of the financial year is used.	• No specific provisions for common control transactions, but in practice, either the purchase method or the book value method is used.
	• On initial recognition, contingent considerations are measured at cost. Subsequent changes are recognised as part of cost and thus become an adjustment of goodwill.	• On initial recognition, contingent considerations in connection with the acquisition or disposal of a subsidiary are measured at cost (= fair value). Subsequent changes to expectations of the consideration are treated as an accounting estimate and recognised in the income statement on an ongoing basis.	• Contingent considerations are measured at fair value. Subsequently, they are measured at fair value with adjustments in profit or loss.
	• Transaction costs are recognised as part of the cost of the acquired entity.	• Not clarified.	• Transaction costs are expensed as incurred.

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Business combinations (continued)	• Only recognition of assets and liabilities meeting the definition thereof is required. Contingent liabilities cannot be recognised.	• Not clarified.	• Comprehensive requirements regarding separate recognition of acquired intangible assets and contingent liabilities.
	• Provided that certain conditions have been met, the pre-acquisition balance sheet can be adjusted until the end of the financial year following the acquisition year with effect on the determined goodwill.	• Not clarified.	• Provided that certain conditions have been met, the acquisition balance sheet can be adjusted until 12 months after the acquisition date with effect on the determined goodwill.
	• Adjustments of the pre-acquisition balance sheet shall be recognised in the period when the adjustment is identified without restatement of comparative figures.	• Not clarified.	• Adjustments to the acquisition balance sheet shall be adjusted retrospectively, and comparative figures must be restated.
	• On acquisition, non-controlling interests must be measured at the interests' proportionate share of the fair value of the identifiable net assets in the acquired entity.	• Not clarified.	• Two methods for determining goodwill and recognising non-controlling interests. 1. On acquisition, non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the identifiable net assets in the acquired entity. 2. The non-controlling interests are measured at fair value, and thus, the entire goodwill regarding the acquired entity is recognised notwithstanding that the equity interest is below 100%.
	• Not specifically regulated in the Act.	• Not clarified.	• Put options over non-controlling interests shall be recognised as financial liabilities.
	• Step acquisition of an entity is interpreted in accordance with IAS 22. Each acquisition is treated separately so that the total goodwill is determined based on the cost and fair value of net assets for each individual acquisition. • The total equity interest of net assets can be revalued to fair value over equity.	• Not clarified.	• Upon step acquisition of an entity, revaluation of pre-existing equity investments at fair value is recognised through profit or loss at the date of acquisition.
	• Upon loss of control over a subsidiary, the proportionate share of the carrying amount of any retained equity investments is retained.	• Not clarified.	• Upon loss of control over a subsidiary, any retained equity interests are re-measured at fair value through profit or loss at the date of loss of control.

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Balance sheet items			
Intangible assets	• Intangible assets must be amortised over their useful life, however, not exceeding 20 years.	• Intangible assets must be amortised over their useful life. • If the useful life of goodwill and development costs cannot be estimated reliably, the useful life must be determined at 10 years.	• Intangible assets with indefinite useful lives are not amortised. Instead, at a minimum an annual impairment test is required. • Assets with finite useful lives are amortised over the useful life. There is no upper limit for the useful life.
	• Option to recognise borrowing costs in cost.	• Option to recognise borrowing costs in cost.	• Requirement for recognition of borrowing costs in the cost of all qualifying assets.
	• Revaluation to fair value is not allowed.	• Revaluation to fair value is allowed if there is an active market for the asset in question.	• Revaluation to fair value is allowed if there is an active market for the asset in question.
	• Advertising costs/catalogues can be accrued so that they are recognised in the income statement when used.	• Advertising costs/catalogues are recognised as an expense in the income statement when they are available to the company. • Prepayments for non-delivered promotional items/services can be recognised as assets (prepaid costs).	• Advertising costs/catalogues are recognised as an expense in the income statement when they are available to the entity. • Prepayments for non-delivered promotional items/services can be recognised as assets (prepaid costs).
Property, plant and equipment	• General requirements for identifying components of an asset. The residual value is determined at the date of entry into service and cannot be adjusted upwards.	• Detailed requirements for identifying components of an asset. Requirement for annual reassessment of depreciation method, useful life and residual values.	• Detailed requirements for identifying components of an asset. Requirement for annual reassessment of depreciation method, useful life and residual values.
	• No specific requirements for recognition of dismantling liabilities in cost. The requirement is a consequence of the reference to IAS 16 in the Act.	• No specific requirements for recognition of dismantling liabilities in cost. The requirement is a consequence of the reference to IAS 16 in the Act.	• Dismantling costs shall be recognised in the cost of an item of property, plant and equipment.
	• Option to recognise borrowing costs in cost.	• Option to recognise borrowing costs in cost.	• Requirement for recognition of borrowing costs in the cost of qualifying assets.
	• Option to recognise indirect production overheads in the cost of self-constructed non-current assets (reporting class B) and duty to recognise them for reporting classes C and D.	• It is optional to recognise indirect production overheads in cost.	• Generally, IFRS does not allow recognition of administration and other general overhead costs. Only directly attributable costs can be recognised as cost of acquisition.

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Investment assets	• Investment properties can be measured at fair value if they are the principal activity of the entity.	• Investment properties can be measured at fair value or at cost less depreciation and impairment losses. No requirement for principal activity.	• Investment properties can be measured at fair value in accordance with IAS 40 or at cost less depreciation and impairment losses in accordance with IAS 16. No requirement for principal activity.
	• Generally, financial investment assets are measured at fair value.	• Generally, financial investment assets are measured at fair value.	• Financial investment assets are primarily regulated in IAS 39 (fair value).
	• Other investment assets can be measured at fair value if they are the principal activity of the entity.	• Investment assets other than investment properties, biological assets and financial investment assets cannot be measured at fair value.	• Other investment assets can be measured at fair value and value adjustment over profit and loss.
	• Financial liabilities relating to the investment asset, e.g. investment properties, must be measured at fair value.	• Financial liabilities relating to the investment asset, e.g. investment properties, cannot be measured at fair value (unless IAS 39/IFRS 9 is applied).	• Financial liabilities relating to the investment asset, e.g. investment properties, are generally measured at amortised cost unless the fair value option is applied.
Biological assets	• Biological assets can be measured at fair value if they are the principal activity of the entity.	• Biological assets can be measured at fair value or in accordance with the general provisions of the Act.	• Biological assets shall be measured at fair value less costs to sell in accordance with IAS 41. If fair value less costs to sell cannot be measured reliably, they shall be measured at cost.

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Equity interest in subsidiaries and associates as well as jointly controlled entities (joint ventures) in the parent company's separate financial statements.	• The general rule is the cost method. Option to apply the equity method or fair value with value adjustment over equity.	• The general rule is the cost method. Option to apply the equity method or fair value with value adjustment over equity.	• Cost or fair value in accordance with IAS 39. • The equity method can be applied from 1 January 2016 (amendment to IAS 27).
	• When using the cost method, dividend is recognised in the income statement unless accumulated dividend has exceeded accumulated earnings since the acquisition of the equity investments. Excess dividend is recognised as a reduction of cost.	• Dividend from equity investments is always recognised in profit and loss. An impairment test must be performed in case of indication of impairment (dividend exceeds comprehensive income for the period, or the carrying amount of the equity investments exceeds the investments' net carrying amount of assets, including goodwill and liabilities, that is recognised in the consolidated financial statements). • However, the method in the current Danish Financial Statements Act can still be applied.	• Dividend from equity interests is always recognised in profit and loss. An impairment test shall be performed in case of indication of impairment (dividend exceeds comprehensive income for the period, or the carrying amount of the equity interests exceeds the investments' net carrying amount of assets, including goodwill and liabilities in the consolidated financial statements).
	• Jointly controlled entities (joint ventures) that are not organised in a corporate form with limited liability can be consolidated on a pro rata basis.	• Jointly controlled entities (joint ventures) are recognised in accordance with the equity method. • IFRS 11 can be applied under the Danish Financial Statements Act. The standard operates with a special concept called joint operation. Under IFRS, interests in a joint operation must be recognised according to the financial interest in the project in both the parent company financial statements and the consolidated financial statements. This will often correspond to consolidation on a pro rata basis.	• Joint operations are recognised line by line at the share of the underlying income and costs as well as assets and liabilities.
Equity interest in associates and joint ventures in the consolidated financial statements	• Associates are recognised using the equity method. • Joint ventures are recognised using the equity method or pro rata consolidation.	• Associates are recognised using the equity method. • Joint ventures are recognised using the equity method or pro rata consolidation. There is no distinction between joint operations and joint ventures.	• Associates and joint ventures are recognised using the equity method. • Joint operations are recognised line by line at the share of the underlying income and costs as well as assets and liabilities.

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Inventories	• Option to recognise borrowing costs in the cost of self-constructed inventories.	• Option to recognise borrowing costs in the cost of self-constructed inventories.	• Requirement for recognition of borrowing costs in the cost of all qualifying assets.
	• Option to revaluate at replacement cost over equity.	• No revaluation option.	• No revaluation option.
Impairment of non-current assets	• Few general requirements. In case of indication of impairment, IAS 36 is used as basis of interpretation.	• Few general requirements. In case of indication of impairment, IAS 36 is used as basis of interpretation.	• Very detailed requirements. • Requirement for at least an annual impairment test of cash-generating units comprising goodwill and intangible assets with indefinite useful lives and development projects in progress.
	• Option to reverse write-down of goodwill if the write-down arose due to an unusual event outside the entity's control and these circumstances no longer exist.	• No option to reverse write-down of goodwill.	• No option to reverse write-down of goodwill.
Equity	• Classification of liabilities or equity is made based on company-law requirements.	• Classification of liabilities or equity is made based on company-law requirements.	• Classification of liabilities and equity is made based on substance.
	• Proposed dividend can be presented under equity or as a liability.	• Proposed dividend cannot be presented as a liability.	• Proposed dividend cannot be presented as a liability.
Provisions	• No rules regarding dismantling liabilities.	• No rules regarding dismantling liabilities.	• Specific requirements regarding dismantling and restoration liabilities.
	• Specific conditions for recognition of restructuring provisions. A decision made by the Board of Directors alone is sufficient to recognise a restructuring provision.	• The requirements for recognition of a restructuring provision follow IFRS.	• Specific conditions for recognition of a restructuring provision, including that the parties involved must be informed. A decision made by the Board of Directors alone is not enough.
Employee benefits	• General provisions as the definition of liabilities and the requirement for accrual.	• General provisions as the definition of liabilities and the requirement for accrual.	• Specific requirements for recognition of current and non-current employee benefits.
	• IAS 19 (2000) is used to interpret the Act. Actuarial gains and losses are recognised in the income statement – either directly or by using the corridor approach.	• The newest IAS 19 is used to interpret the Act. Actuarial gains and losses are recognised directly in equity. • Entities that until now have used the corridor approach under IAS 19 (2000) can still apply this approach until the last financial year beginning before 1 January 2021.	• Specific provisions regarding recognition of defined benefit plans. All actuarial gains and losses are recognised directly in other comprehensive income.

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Share-based payment	• No specific provisions for equity-settled share-based payment transactions. • Significant transactions should be recognised in accordance with the provisions in IFRS 2. • Cash-settled share-based payment transactions follow the general provisions on recognition of financial liabilities.	• No specific provisions for equity-settled share-based payment transactions. • Significant transactions should be recognised in accordance with the provisions in IFRS 2. • Cash-settled share-based payment transactions follow the general provisions on recognition of financial liabilities.	• Specific requirements for share-based payment. Under an equity-settled arrangement, the fair value of share-based payment arrangements shall be recognised as a cost with a counter entry in equity, and under a cash-settled arrangement, it shall be recognised as a liability. The value of the liability must be adjusted on an ongoing basis. The cost shall be accrued over the vesting period.
Income statement items			
Revenue	• Income must be recognised in the income statement as earned. IAS 18 and IAS 11 are used as the basis of interpretation.	• Income must be recognised in the income statement as earned. IAS 18 and IAS 11 are used as the basis of interpretation.	• Detailed requirements for recognition of income from the sale of goods, services, interest, royalties and dividends.
Construction contracts	• Reporting class B entities may omit to apply the percentage of completion method unless it compromises the true and fair view.	• Reporting class B entities may omit to apply the percentage of completion method unless it compromises the true and fair view.	• Detailed requirements for recognition and measurement (IAS 11).
Financial instruments			
Financial instruments	• Generally, recognition and measurement provisions are in accordance with IAS 39 (2000) with the following differences: – The category "financial assets available for sale" does not exist. Instead, the categories "held to maturity" or "trading portfolio" are used. – General provisions on hedging. – Unlisted equity investments can be measured at cost if it can be documented that a reliable fair value measurement cannot be made.	• Generally, recognition and measurement provisions are in accordance with the newest version of IAS 39 with the following differences: – The category "financial assets available for sale" does not exist. Instead, the categories "held to maturity" or "trading portfolio" are used. – General provisions on hedging. – Option to measure equity investments that are not traded in an active market at cost.	• Detailed definitions and recognition and measurement provisions: – The fair value adjustment of financial assets available for sale is recognised in other comprehensive income. – Very restrictive provisions on hedging. – Specific requirements for de-recognition. – Very specific requirements for unbundling of embedded financial instruments. – Requirement for recognition of financial guarantees provided. – Unlisted equity investments must be measured at fair value. In very rare cases when fair value cannot be determined reliably, they may be measured at cost.

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Financial instruments (continued)	• No option to apply IFRS provisions, including disclosure requirements.	• Option to apply all IFRS provisions, including disclosure requirements.	
Other areas			
Assets held for sale/discontinued operations	• Discontinued operations or non-current assets are measured as other items of property, plant and equipment and intangible assets and cannot be unbundled from the other operations in the income statement and balance sheet. For discontinued operations, the entity must – to the extent possible – disclose the amounts at which they are stated in the items "revenue", "profit/loss for the year", "non-current assets" and "current assets".	• Operations or non-current assets and related liabilities that are to be disposed of, closed or abandoned (unless they cannot be unbundled from the other operations) according to an overall plan must be presented in a separate line item in the income statement and balance sheet under assets and liabilities, respectively, with specification in the notes. • Restatement of comparative figures is not required, but it is allowed for both the income statement and the balance sheet. • There are no specific requirements for the specification and location in the income statement and balance sheet, respectively. • Discontinued operations are measured as other items of property, plant and equipment and intangible assets.	• Assets held for sale and related liabilities shall be measured at the lower of carrying amount and fair value less selling costs. • Depreciation ceases. • Must be presented separately in the balance sheet as current assets or current liabilities, respectively. Comparative figures cannot be restated. • Discontinued operations shall be presented separately as a net amount in the income statement. Comparative figures shall be restated. Specific requirements for disclosure in the notes.
Leases	• Lessees in reporting class B can choose whether or not to recognise finance leases in the balance sheet.	• Lessees in reporting class B can choose whether or not to recognise finance leases in the balance sheet.	• Leases must be categorised as operating leases or finance leases. • Finance leases shall be recognised in the balance sheet.
Government grants	• Only gross presentation of grants is allowed.	• Only gross presentation of grants is allowed.	• Option to choose between gross and net presentation of grants.
Foreign currency	• DKK or EUR can always be chosen as the functional currency. Other currencies can be used if the currency is relevant to the entity.	• DKK or EUR can always be chosen as the functional currency. Other currencies can be used if the currency is relevant to the entity.	• The functional currency shall be determined based on relevance to the entity. In certain circumstances, the parent company's functional currency shall be applied as functional currency for foreign entities (integrated entities).
	• Choosing the parent company's functional currency as presentation currency is required for both the financial statements and the consolidated financial statements.	• Choosing the parent company's functional currency as presentation currency is required for both the financial statements and the consolidated financial statements.	• Discretionary presentation currency.

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Foreign currency (continued)	• Financial statements of integrated entities are translated using the temporal method. • Foreign entities' financial statements are translated using the closing rate method.	• Financial statements of integrated entities are translated using the temporal method. • Financial statements of foreign entities are translated using the closing rate method.	• The financial statements of all entities (including the parent company) with another functional currency than the presentation currency shall be translated using the closing rate method.
Fair value measurement	• Very simple definition of fair value.	• Same definition of fair value as under IFRS.	• Detailed definition of fair value (IFRS 13) with related comprehensive disclosure requirements.
Note disclosures and accounting policies			
Note disclosures	• Few specific disclosure requirements.	• Few specific disclosure requirements.	• Detailed disclosure requirements.
	• No requirement for comparative figures in the notes unless specifically stated.	• No requirement for comparative figures in the notes unless specifically stated.	• Comparative figures in the notes are always required except when specifically exempted.
	• No specific order is required.	• The notes must be presented in the order in which the items to which the notes relate are presented in the income statement and the balance sheet, respectively.	• No specific order is required.
	• Relevant IFRSs can be used as inspiration.	• Relevant IFRSs can be used as inspiration.	• Significant disclosure requirements in the following areas: – Segments – Impairment testing and write-down and – Management's estimates and judgements – Financial instruments and risks – Fair value measurement – Interests in other entities – Business combinations – Discontinued operations and assets held for sale – Defined benefit plans – Share-based payments

	Current Danish Financial Statements Act	The Danish Financial Statements Act effective from 1 January 2016	IFRS as adopted by the EU
Related party transactions	• The entity must disclose: – Related party transactions that have not been carried out on an arm's length basis.	• The entity may choose to: – Disclose all related party transactions as required by IAS 24; or – Disclose only related party transactions that have not been carried out on an arm's length basis.	• A number of disclosures shall be made for related party transactions broken down by nature and with disclosure of amounts.
Accounting policies	• Accounting policies must be presented collectively, preferably in the notes, but it is not a requirement.	• Accounting policies must be presented collectively in a single note.	• Accounting policies must be presented in the notes, but there is no requirement for collective presentation in a single note. • Significant estimation uncertainties and judgements made when applying the accounting policies in connection with the financial reporting shall be disclosed separately.
Supplementary reports			
Supplementary reports	• Option to incorporate supplementary reports.	• Option to incorporate supplementary reports.	• No provisions regarding supplementary reports.

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