



# Overview of significant differences between the Danish Financial Statements Act and IFRS<sup>®</sup> Accounting Standards

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## Introduction

In this publication, we provide you with an overview of the most significant differences between the Danish Financial Statements Act and IFRS Accounting Standards effective from 1 January 2025.

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

The appendices contain an outline of the IAS® Standards and IFRS Accounting Standards which serve as interpretations of the Danish Financial Statements Act split by line items (e.g., revenue, property, plant & equipment, etc.). Furthermore, the outline shows IFRIC® Interpretations within each area. IFRIC Interpretations are authoritative and must be complied with similar to the IFRS Accounting Standards. They provide guidance for the accounting treatment of specific accounting aspects to which the IFRIC Interpretations Committee has received questions. The decisions often provide explanatory information on the proper accounting treatment without resulting in any revisions to IFRS Accounting Standards.

A full outline of all IFRIC Interpretations is available from this [link](#).

Please note that the publication only includes significant differences, and that application of this overview does not guarantee the identification of all differences. This requires a more detailed analysis of the entity's specific circumstances and transactions.

Adopted IFRS Accounting standards and IFRICs that have not yet come into force are not discussed.

Yours sincerely  
**KPMG P/S**

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## Overview of significant differences between the Danish Financial Statements Act and IFRS Accounting Standards

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Elements and components of the annual report in general		
General points	<ul style="list-style-type: none"> <li>To a wide extent, the Danish Financial Statements Act is aligned with the current IFRS Accounting Standards in terms of recognition and measurement.</li> <li>In certain areas, it is possible to choose specific IFRS Accounting Standards in full, for instance financial instruments, related party disclosures, segment information and fair value measurement. This could entail that both recognition/measurement and disclosures for the areas in question must be applied.</li> <li>Specific provisions for how to apply future IFRS Accounting Standards as basis (for instance relevant to entities reporting to a parent company that presents its financial statements in accordance with IFRS).</li> <li>Danish entities (depending on size) are subject to the sustainability reporting requirements of the EU's Corporate Sustainability Reporting Directive (CSRD) and must report following the requirements in the European Sustainability Reporting Standards (ESRS): These companies should not apply the IFRS Sustainability Disclosure Standards (ISSB™). The requirement for Danish entities to comply with ESRS applies regardless of whether the entity uses the Danish Financial Statements Act or IFRS Accounting Standards as adopted by the EU as its financial reporting framework.<sup>1</sup></li> </ul>	
Management's review	<ul style="list-style-type: none"> <li>Detailed requirements for the Management's review that increase in line with the size of the entity incl. statements concerning CSR, gender distribution, data ethics, diversity etc.</li> </ul>	<ul style="list-style-type: none"> <li>IFRS does not contain requirements regarding the Management's review, but the Danish Executive Order on the adoption of IFRS Accounting Standards requires that a Management's review shall be prepared in accordance with the Danish Financial Statements Act for IFRS preparers.</li> <li>IFRS Accounting Standards contain "Practice Statement Management Commentary", which is not mandatory.</li> </ul>

<sup>1</sup> An entity's reporting requirements under the CSRD depend on its nature and size. The Directive came into force for accounting class D entities with more than 500 employees for financial years beginning on or after 1. January 2024. As a result of Omnibus, sustainability reporting requirements have now been postponed for large companies in accounting class C and listed SMEs (accounting classes C medium and B).

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Income statement/Statement of profit or loss and other comprehensive income	<ul style="list-style-type: none"> <li>• Format requirements with few adjustment possibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• No specific format requirements, but only requirement as to presentation of certain line items.</li> </ul>
	<ul style="list-style-type: none"> <li>• Income statement is required. Not possible to present a statement of comprehensive income.</li> </ul>	<ul style="list-style-type: none"> <li>• Requirement as to an overall "Statement of profit or loss and other comprehensive income" or a separate "Income statement" and a "Statement of other comprehensive income".</li> </ul>
	<ul style="list-style-type: none"> <li>• Costs are presented by function or by nature.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs are presented by function or by nature. If costs are classified by function, supplementary information in the notes shall be provided regarding the nature of costs, including depreciation, amortisation and staff costs.</li> </ul>
	<ul style="list-style-type: none"> <li>• Non-controlling interests' proportionate share of the subsidiaries' results must be presented as a separate item in Management's proposed profit/loss appropriation.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group's profit/loss for the year is allocated between the owners of the parent company and non-controlling interests.</li> </ul>
	<ul style="list-style-type: none"> <li>• Certain items shall not be recognised in the income statement but shall be recognised directly in equity. For example: <ul style="list-style-type: none"> <li>– Revaluation pursuant to section 41</li> <li>– Acquisition and disposal of treasury shares</li> <li>– Value adjustment of cash flow hedges</li> <li>– Foreign currency translation of independent foreign entities; see section 39(2)</li> <li>– Change in accounting policies; see section 13(2)</li> <li>– Correction of material errors; see section 52(2)</li> <li>– Actuarial gains and losses from defined benefit obligation</li> <li>– Contribution and distribution from/to shareholders</li> <li>– Distribution to parties other than shareholders in accordance with articles of association.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Certain items are presented as other comprehensive income in continuation of the statement of profit and loss for the year.</li> <li>• Items of other comprehensive income must be classified into items that may subsequently be reclassified to profit/loss and items that can never be reclassified.</li> <li>• Tax on items of other comprehensive income shall be disclosed separately and specified by item in the notes.</li> </ul>
	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• When items of income or cost are material, their nature and size shall be disclosed separately. Presentation shall be made either in the notes or in the statement of profit and loss and comprehensive income.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Income statement/statement of profit or loss and other comprehensive income (continued)	<ul style="list-style-type: none"> <li>Dividends and extraordinary dividends must be disclosed separately in the profit/loss appropriation. Distribution of extraordinary dividends after the balance sheet date must be disclosed in the profit/loss appropriation.</li> </ul>	<ul style="list-style-type: none"> <li>No requirement for profit/loss appropriation in the income statement.</li> <li>Dividends shall be presented in the statement of changes in equity.</li> </ul>
	<ul style="list-style-type: none"> <li>No requirement for presentation of "Earnings per share" and "Diluted earnings per share".</li> </ul>	<ul style="list-style-type: none"> <li>Entities with listed shares shall present "Earnings per share" and "Diluted earnings per share" in the group's statement of comprehensive income.</li> </ul>
Balance sheet	<ul style="list-style-type: none"> <li>Format requirements with few adjustment possibilities.</li> <li>The balance sheet may be presented in account form or in a reporting format similar to that in IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>No specific format requirements, but only requirement as to presentation of certain line items.</li> </ul>
	<ul style="list-style-type: none"> <li>Classification as fixed and current assets (format 1) or as non-current and current assets (format 2).</li> </ul>	<ul style="list-style-type: none"> <li>Only presentation as non-current/current assets.</li> </ul>
	<ul style="list-style-type: none"> <li>Deferred tax assets are presented as current assets (format 1) or as non-current assets (format 2).</li> </ul>	<ul style="list-style-type: none"> <li>Deferred tax assets shall be presented as non-current assets.</li> </ul>
	<ul style="list-style-type: none"> <li>Provisions in a separate main group (format 1) or as non-current/current liabilities (format 2).</li> </ul>	<ul style="list-style-type: none"> <li>Provisions shall be presented as non-current/current liabilities.</li> </ul>
	<ul style="list-style-type: none"> <li>Deferred tax liabilities are presented as provisions (format 1) or as non-current liabilities (format 2).</li> </ul>	<ul style="list-style-type: none"> <li>Deferred tax liabilities shall be presented as non-current liabilities.</li> </ul>
	<ul style="list-style-type: none"> <li>No requirement for third balance sheet.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Statement of changes in equity	<ul style="list-style-type: none"> <li>Apart from reporting class B entities, all entities must present a statement of changes in equity. Each component of equity must be explained from opening to ending balance. Changes in the items "Revaluation reserve" and "Reserve for development costs" must be presented separately.</li> </ul>	<ul style="list-style-type: none"> <li>Entities reporting in accordance with IFRS Accounting Standards 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.</li> </ul>

The Danish Financial Statements Act		IFRS Accounting Standards as adopted by the EU
Cash flow statement	<ul style="list-style-type: none"> <li>No requirement for a cash flow statement for reporting class B.</li> <li>If a parent company prepares consolidated financial statements including a consolidated cash flow statement, the parent company is exempted from preparation of its separate cash flow statement.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>For a parent company, a cash flow statement is required in both consolidated financial statements and separate financial statements.</li> </ul>
	<ul style="list-style-type: none"> <li>Few requirements for the presentation of a cash flow statement. Cash flows must be presented by operating activities, investing activities and financing activities.</li> </ul>	<ul style="list-style-type: none"> <li>Cash flows shall be presented by operating activities, investing activities and financing activities.</li> <li>Restrictive definition of cash and cash equivalents.</li> <li>Requirement for elimination and disclosure of non-cash transactions.</li> </ul>
Consolidated financial statements		
Consolidated financial statements	<ul style="list-style-type: none"> <li>Certain exemptions from preparation of consolidated financial statements due to size, parent companies where all subsidiaries are immaterial, individually or in aggregate, or parent companies who are subsidiaries of a higher-ranking parent company.</li> </ul>	<ul style="list-style-type: none"> <li>Certain exemptions from preparing consolidated financial statements, e.g., with reference to a higher-ranking parent company preparing consolidated financial statements in accordance with IFRS Accounting Standards or is an Investment Entity in accordance with IFRS 10. Even when all subsidiaries are immaterial, consolidated financial statements must be prepared.</li> </ul>
	<ul style="list-style-type: none"> <li>The group definition in the Danish Financial Statements Act is based on IAS 27; i.e., on control over financial and operational decisions to obtain a return thereon.</li> </ul>	<ul style="list-style-type: none"> <li>Control is determined based on whether the entity has power over relevant activities, exposure to variable returns and ability to use its power to affect investor's returns.</li> </ul>
	<ul style="list-style-type: none"> <li>An associate relationship requires that an entity or its subsidiary holds an equity interest in the other entity and also exercises significant influence.</li> </ul>	<ul style="list-style-type: none"> <li>For an associate relationship to exist, no equity interests are required but significant influence is.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Consolidated financial statements (continued)	<ul style="list-style-type: none"> <li>Options to exclude a subsidiary from consolidation on the following conditions: <ul style="list-style-type: none"> <li>Significant and continuous obstruction significantly limits the parent company's exercise of its rights over the subsidiary's assets or management</li> <li>The necessary information cannot be obtained within a reasonable deadline or without disproportionately high costs</li> <li>The subsidiary has not previously been included in the consolidated financial statements by consolidation, and the parent company solely holds equity interests in the subsidiary temporarily for the purpose of subsequently transferring them or</li> <li>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 dividends, have receivables from or has not provided collateral for any of its subsidiaries.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Very few options to exclude subsidiaries from consolidation, typically based on the fact that the investor does not have control.</li> </ul>
	<ul style="list-style-type: none"> <li>If the equity method is applied for associates, joint arrangements, goodwill must be amortised.</li> </ul>	<ul style="list-style-type: none"> <li>If the equity method is applied for associates or joint arrangements, goodwill cannot be amortised.</li> </ul>
	<ul style="list-style-type: none"> <li>Under certain conditions, option to not include pro rata consolidation of entities.</li> </ul>	<ul style="list-style-type: none"> <li>The option is not available under IFRS IFRS Accounting Standards.</li> </ul>
Business combinations between unrelated parties	<ul style="list-style-type: none"> <li>The Danish Business Authority has in-officially expressed that the option in IFRS is available under the Danish Financial Statements Act.</li> </ul>	<ul style="list-style-type: none"> <li>An optional concentration test is available, rendering possible a simplified assessment of whether a single identifiable asset or a group of similar identifiable assets shall be accounted for as a business combination.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>The method is the same irrespective of whether a subsidiary or an existing business (net assets) is acquired.</li> </ul>
	<ul style="list-style-type: none"> <li>Small and non-complex business combinations must not comply with IFRS 3 Business combinations.</li> <li>E.g., it is not required to separately recognise all identifiable intangible assets, if this will not have a material impact on the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>IFRS 3 Business Combinations must be complied with irrespective of the size and complexity of the business combination.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>The in-substance acquired business must be revalued.</li> </ul>
	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Goodwill is not amortised but shall be tested for impairment at least once a year.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Business combinations between unrelated parties (continued)	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Negative goodwill shall be recognised as income at the acquisition date.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Transaction costs are expensed as incurred.</li> </ul>
	<ul style="list-style-type: none"> <li>Required separate recognition of identifiable intangible assets when this materially affects the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Required separate recognition of identifiable acquired intangible assets.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Assets acquired and liabilities assumed are measured at fair value.</li> <li>The acquirer's intended use of the asset is not taken into consideration when measuring fair value.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Contingent liabilities are recognised if their fair value can be measured reliably.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards, except that subsequently measured at net realisable value under section 36 or at NPV under section 47 of the Act.</li> </ul>	<ul style="list-style-type: none"> <li>On initial recognition, contingent considerations are measured at fair value. Subsequently, they are measured at fair value with adjustments in profit or loss.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Provided that certain conditions have been met, the acquisition balance sheet can be adjusted until 12 months after the acquisition date with effect on goodwill.</li> <li>Adjustments of the acquisition balance sheet shall be made retrospectively, and comparative figures shall be restated.</li> </ul>
<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards, except that the choice between methods is an accounting policy choice that must be applied consistently.</li> </ul>	<ul style="list-style-type: none"> <li>Two methods for determining goodwill and initially measurement of non-controlling interests which can be elected transaction by transaction: <ul style="list-style-type: none"> <li>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.</li> <li>The non-controlling interests are measured at fair value, and thus, the entire goodwill regarding the acquired entity is recognised notwithstanding the equity interest being below 100%.</li> </ul> </li> </ul>	

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Business combinations between unrelated parties (continued)	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Put options over non-controlling interests must be recognised as financial liabilities using either the Anticipated Acquisition or the Present Access method.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Upon step acquisition, all the acquired entity's assets and liabilities are measured at fair value at the date of acquisition (date of obtaining control).</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>Upon step acquisition, previously held equity interests shall be re-measured to fair value through profit or loss at the date of obtaining control.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS Accounting Standards.</li> </ul>	<ul style="list-style-type: none"> <li>On purchase and sale of non-controlling interests without obtaining or losing control, the difference between book value and transaction price is recognised directly in equity.</li> </ul>
	<ul style="list-style-type: none"> <li>Upon loss of control over a subsidiary, gain or loss on sale is calculated only based on equity interests disposed of. For equity interests retained, the remaining carrying amount is used going forward as cost of retained interests.</li> </ul>	<ul style="list-style-type: none"> <li>Upon loss of control over a subsidiary, gain or loss is calculated on both sold and retained interests. Any retained equity interests are re-measured at fair value through profit or loss at the date of loss of control. The fair value is subsequently the deemed cost of retained interests.</li> </ul>
Business combinations under common control	<ul style="list-style-type: none"> <li>The uniting-of-interests method (including the book value method) or the acquisition method can be applied to intra-group transactions and business combinations under common control.</li> </ul>	<ul style="list-style-type: none"> <li>No specific provisions for common control, but in practice the acquisition method and the book value method can be applied.</li> </ul>
	<ul style="list-style-type: none"> <li>The combination can be carried out as if the entities had been combined as from the earliest period included in the financial statements or from the transaction date.</li> </ul>	<ul style="list-style-type: none"> <li>As under the Danish Financial Statements Act.</li> </ul>
	<ul style="list-style-type: none"> <li>As under IFRS, however, mergers in accordance with the Danish Companies Act can be decided to have accounting effect retrospectively to an earlier date, e.g., the first day of the financial year.</li> </ul>	<ul style="list-style-type: none"> <li>The book-value method can be applied retrospectively only back to the date when common control was established.</li> </ul>

## Balance sheet items

Intangible assets	<ul style="list-style-type: none"> <li>• Intangible assets including goodwill must be amortised over their useful lives.</li> <li>• If the useful life of goodwill and development costs cannot be estimated reliably, the useful life must be set at 10 years.</li> <li>• Intangible assets, including goodwill, are only to be tested for impairment if there is an indication of impairment.</li> <li>• Only reporting classes C (large) and D are required to recognise development costs in the balance sheet.</li> <li>• Entities may choose to recognise directly attributable indirect costs incurred during the development period in the costs of self-constructed assets.</li> <li>• No specific provisions apply to the exchange of intangible assets (barter transactions).</li> </ul>	<ul style="list-style-type: none"> <li>• Intangible assets with finite useful lives shall be amortised over their useful lives. There is no upper limit for the useful life.</li> <li>• Intangible assets with indefinite useful lives, including goodwill, are not amortised. Instead, an impairment test is performed at least annually.</li> <li>• Development costs shall be recognised in the balance sheet if the criteria in IAS 38.57 are all met.</li> <li>• Indirect costs cannot be recognised in the cost of intangible assets. Only directly attributable costs can be recognised.</li> <li>• When intangible assets are exchanged (barter transaction), they are to be measured at fair value. This also applies to the exchange of similar assets unless the exchange does not serve a business purpose or the fair value of the assets cannot be reliably measured.</li> </ul>
Property, plant & equipment	<ul style="list-style-type: none"> <li>• Option to recognise borrowing costs in cost.</li> <li>• Requirement for a component approach if it has a material impact on the financial statements.</li> <li>• No explicit requirements for the recognition of dismantling liabilities in cost, but the requirement exists by reference to IAS 16 in the Act.</li> <li>• Option to recognise borrowing costs in the cost of an asset.</li> <li>• It is optional to recognise indirect production overheads in the cost of an asset.</li> <li>• No specific provisions apply to the accounting treatment of income or costs in relation to derived activities during construction.</li> </ul>	<ul style="list-style-type: none"> <li>• Requirement for recognition of borrowing costs in the cost of all qualifying assets.</li> <li>• Detailed requirements for a component approach.</li> <li>• Dismantling liabilities shall be recognised as part of the cost of an item of property, plant &amp; equipment.</li> <li>• Requirement for recognition of borrowing costs in the cost of qualifying assets.</li> <li>• Generally, IFRS does not allow the recognition of administrative expenses and other general production costs in the cost of an asset. Only costs directly attributable are recognised as cost of an asset.</li> <li>• Income from derived activities during the construction of property, plant &amp; equipment shall be recognised in profit and loss and not as a reduction of the cost of the asset.</li> </ul>

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Property, plant & equipment (continued)	<ul style="list-style-type: none"> <li>No specific provisions apply to the exchange of property, plant &amp; equipment (barter transactions).</li> </ul>	<ul style="list-style-type: none"> <li>Exchanges of property, plant &amp; equipment (barter transactions) shall be measured at fair value. This also applies to the exchange of similar assets unless the exchange does not serve a business purpose or the fair value of the assets cannot be reliably measured.</li> </ul>
Investment properties and liabilities related thereto.	<ul style="list-style-type: none"> <li>Investment properties are measured at fair value or cost less depreciation.</li> <li>Financial liabilities arising from investment property, e.g., mortgage loans, cannot be measured at fair value (unless opt-in for "full IFRS for financial instruments", see below).</li> <li>Fair value adjustments are recognised in profit/loss (section 38).</li> <li>For annual report periods beginning on or after 1 January 2024, it is no longer permissible to recognise fair value adjustments directly in equity (Section 41). For entities that previously applied Section 41, this change is treated as a change in accounting policy, with prior year comparatives restated accordingly. The restricted reserve for revaluations in equity: <ul style="list-style-type: none"> <li>is transferred to free reserves if the company changes its accounting policy to measure investment property at fair value through profit/loss.</li> <li>is dissolved if the company changes its accounting policy to measure investment property at cost. If this approach is adopted, the property must be recognised at original cost price less accumulated depreciation and impairment losses.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Investment properties are measured at fair value through profit/loss or at cost less depreciation.</li> <li>Financial liabilities relating to investment property, e.g., mortgage loans, are generally measured at amortised cost, unless the fair value option is applied (IFRS 9).</li> </ul>
Biological assets	<ul style="list-style-type: none"> <li>Biological assets like bearer plants can be measured at cost less depreciation or fair value directly through equity (section 41).</li> <li>Biological assets that are not bearer plants are measured at fair value or cost. Fair value adjustments are recognised in profit/loss (section 38).</li> </ul>	<ul style="list-style-type: none"> <li>"Bearer plants" are accounted for as PP&amp;E (IAS 16).</li> <li>Biological assets except from "bearer plants" shall be measured at fair value less costs to sell with value adjustments in profit/loss in accordance with IAS 41. If fair value less costs to sell cannot be measured reliably, they shall be measured at cost.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
<p>Equity interests in subsidiaries and associates, participating interests as well as joint arrangements in the parent's separate financial statements.</p>	<ul style="list-style-type: none"> <li>• Participating interests is a category under the Danish Financial Statements Act, comprising, among others, all associates. The definition of associates has been adjusted accordingly, and associates have been omitted as a line item in the balance sheet schedule 2 to the Danish Financial Statements Act. Associates can still be presented as a separate line item if they meet the definition of associates.</li> <li>• Participating interests can be measured at cost (if not listed), fair value through P&amp;L or the equity method.</li> </ul>	<ul style="list-style-type: none"> <li>• IFRS does not make use of the term "participating interests" but still accounts for associates, joint ventures, and subsidiaries in parent company's separate financial statements.</li> </ul>
	<ul style="list-style-type: none"> <li>• For other equity interests, except for participating interest, the general rule is the cost method. Option to apply the equity method or fair value with value adjustment over equity.</li> <li>• As an accounting policy choice, the equity method can be applied as a consolidation method or as a measurement method.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost, equity method or fair value in accordance with IFRS 9.</li> </ul>
	<ul style="list-style-type: none"> <li>• Two options for the recognition of dividends using the cost method. <ul style="list-style-type: none"> <li>– Dividends from equity interests are always recognised in profit/loss. An impairment test must be performed in case of indication of impairment (dividends exceeding comprehensive income for the period, or the carrying amount of the equity interests exceeding the carrying amount of net assets, including goodwill of the investee in the consolidated financial statements).</li> <li>– Dividends are recognised in profit/loss at an amount equivalent to the entity's accumulated earnings obtained after the acquisition of the equity interest. Dividends arising from earnings earned prior to acquisition are recognised as a reduction in the cost of the equity interests (as a return on investment).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Dividends from equity interests are always recognised in profit and loss. An impairment test shall be performed in case of indication of impairment (when dividends exceed comprehensive income for the period, or when the carrying amount of the equity interests exceeds the carrying amount of net assets, including goodwill of the investee in the consolidated financial statements).</li> </ul>
	<ul style="list-style-type: none"> <li>• If the equity method is applied in the parent company on investments in subsidiaries, intercompany transactions and balances are fully (100%) eliminated regardless of whether the shareholding is less than 100%.</li> <li>• If the equity method is applied in the parent company on investments in participating interests, associated companies joint arrangements, intercompany transactions and balances are eliminated against the equity-accounted carrying amount of its investment proportionately, corresponding to the ownership interest.</li> </ul>	<ul style="list-style-type: none"> <li>• IFRS does not explicitly state whether eliminations should be made in full or proportionately when applying the equity method to interests in subsidiaries. However, IAS 28 Associates is referred to for application of the equity method, which leads to proportionate elimination.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Equity interests in subsidiaries and associates, participating interests as well as joint arrangements in the parent's separate financial statements (continued)	<ul style="list-style-type: none"> <li>Joint arrangements are recognised at cost, in accordance with the equity method or at fair value through P&amp;L.</li> <li>IFRS 11 can be applied under the Danish Financial Statements Act. The standard uses a special classification called joint operations. Under IFRS Accounting Standards, interests in a joint operation shall be recognised according to the financial interest in the project in both the parent's separate financial statements and in the consolidated financial statements. This will often correspond to pro rata consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>Joint operations are recognised line by line at the share of the underlying income and costs as well as assets and liabilities.</li> </ul>
Equity interests in associates in the consolidated financial statements	<ul style="list-style-type: none"> <li>Associates are recognised using the equity method.</li> <li>Elimination of internal gains and losses can be omitted if the necessary financial information is unavailable or cannot be obtained. In such special cases where the necessary financial information is unavailable, equity interests are measured at cost.</li> <li>Associates measured at equity value can use their latest annual report as basis for recognition and measurement even though their financial year is different from that of the Group. This also applies even though the balance sheet date deviates by more than three months from that of the Group.</li> <li>Goodwill which is to be recognised as part of the cost of an associate in accordance with the equity method, is amortised over its useful life. If the entity in special cases is unable to reliably estimate the useful life, the useful life is deemed to be 10 years. The reason for the determined amortisation period must be disclosed.</li> </ul>	<ul style="list-style-type: none"> <li>The general rule is the equity method.</li> <li>Fair value can be applied when certain conditions are met.</li> <li>Not possible to omit elimination.</li> <li>Associates measured at equity value can use their latest annual report as basis for recognition and measurement even though their financial year is different from that of the Group. However, the balance sheet date must not deviate by more than three months from that of the Group.</li> <li>If associates are accounted for in accordance with the equity method, goodwill related to the interests is not considered separate assets. Goodwill is not amortised, but the total carrying amount of the equity interest is tested for impairment when impairment indicators are identified.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Equity interests in joint arrangements in the consolidated financial statements	<ul style="list-style-type: none"> <li>• ÅRL does not differentiate between joint operations and joint ventures. Joint arrangements are recognised in accordance with the equity method or are consolidated on a pro rata basis.</li> <li>• Joint operations can be recognised according to the economic interest in the project in accordance with IFRS 11. This will often correspond to a pro-rata consolidation.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint ventures are recognised using the equity method.</li> <li>• Joint operations are recognised line by line at the share of the underlying income and costs as well as assets and liabilities.</li> </ul>
	<ul style="list-style-type: none"> <li>• Joint arrangements measured at equity value can use their latest annual report as basis for recognition and measurement even though their financial year is different from that of the Group. This also applies even though the balance sheet date deviates by more than three months from that of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint ventures measured at equity value can use their latest annual report as basis for recognition and measurement even though their financial year is different from that of the Group. However, the balance sheet date must not deviate by more than three months from that of the Group.</li> </ul>
	<ul style="list-style-type: none"> <li>• Goodwill which is to be recognised as part of the cost of a joint arrangement in accordance with the equity method is amortised over its useful life. If the entity in special cases is unable to reliably estimate the useful life, the useful life is deemed to be 10 years. The reason for the determined amortisation period must be disclosed.</li> </ul>	<ul style="list-style-type: none"> <li>• If joint ventures are accounted for in accordance with the equity method, goodwill related to the interests is not considered separate assets. Goodwill is not amortised, but the total carrying amount of the interest is tested for impairment when impairment indicators are identified.</li> </ul>
Financial assets	<ul style="list-style-type: none"> <li>• Generally, recognition and measurement provisions are in accordance with IAS 39 with the following differences: <ul style="list-style-type: none"> <li>– The category "financial assets available for sale" does not exist. Instead, the categories "held to maturity" or "trading portfolio" shall be used.</li> <li>– Financial assets are measured at fair value with value adjustments over the income statement (section 37).</li> <li>– Equity interests in entities other than joint arrangements, associates and subsidiaries are to be recognised at fair value with value adjustments over the income statement (section 37), however, unlisted equity interests can be measured at cost (section 37 (4)).</li> <li>– Possibility to opt in for "full IFRS for financial instruments" including disclosure requirements (IAS 32, IFRS 9, IFRS 7 and IFRS 13).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Financial assets are classified into three measurement categories: <ul style="list-style-type: none"> <li>– Amortised cost</li> <li>– Fair value through other comprehensive income (FVOCI) (certain debt instruments/equity instruments)</li> <li>– Fair value through profit or loss (FVTPL).</li> </ul> </li> <li>• Detailed definitions and recognition and measurement provisions: <ul style="list-style-type: none"> <li>– Specific requirements to business model in order to apply amortised cost</li> <li>– The FVOCI category under IFRS 9 differs from "financial assets available for sale" under IAS 39.</li> <li>– Unlisted equity interests are measured at fair value. In rare cases when fair value cannot be measured reliably, they can be measured at cost.</li> <li>– Specific criteria for derecognition.</li> </ul> </li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Receivables	<ul style="list-style-type: none"> <li>Receivables are measured based on incurred credit losses (objective impairment trigger).</li> <li>IFRS 9 can be applied as basis for the measurement of receivables (expected credit loss model) without implementing the full standard.</li> </ul>	<ul style="list-style-type: none"> <li>Receivables are measured based on expected credit losses.</li> </ul>
Inventories	<ul style="list-style-type: none"> <li>Option to recognise borrowing costs in the cost of self-constructed inventories.</li> <li>A class B company can elect not to recognise indirect production costs as part of the cost of inventories.</li> </ul>	<ul style="list-style-type: none"> <li>Borrowing costs shall be recognised in the cost of all qualifying assets.</li> <li>Indirect production costs should always, with a very few exceptions, be recognised as part of the cost price.</li> </ul>
Other investment assets	<ul style="list-style-type: none"> <li>Other investment assets (assets other than financial instruments, equity interests, investment property and biological assets) cannot be measured at fair value with value adjustments over the income statement in accordance with section 38 of the Danish Financial Statements Act. Other investment assets e.g. include inventories of metals, oil, etc.</li> <li>Other investment assets are measured at cost or at fair value with revaluation through equity (section 41).</li> </ul>	<ul style="list-style-type: none"> <li>Brokers' inventories of raw materials, etc. for immediate resale can be measured at fair value less sales costs with value adjustment over profit/loss.</li> <li>Other investment assets are measured at cost.</li> </ul>
Impairment of non-current assets	<ul style="list-style-type: none"> <li>Few general requirements. In case of indication of impairment, IAS 36 is used as basis of interpretation.</li> </ul>	<ul style="list-style-type: none"> <li>Very detailed requirements.</li> <li>Requirement for at least an annual impairment test of cash-generating units comprising goodwill and of intangible assets with indefinite useful lives and development projects in progress.</li> </ul>
Equity	<ul style="list-style-type: none"> <li>Classification of liabilities or equity is made based on company-law requirements.</li> <li>Statutory requirement to present a fair value reserve.</li> </ul>	<ul style="list-style-type: none"> <li>Classification of liabilities and equity is made based on the substance of the instrument.</li> <li>Presentation of fair value reserve is not required for IFRS preparers.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Financial liabilities	<ul style="list-style-type: none"> <li>• Financial liabilities are measured at amortised cost.</li> <li>• Possibility to opt in for "full IFRS for financial instruments" including disclosure requirements (IAS 32, IFRS 9, IFRS 7 and IFRS 13).</li> <li>• When using this option, financial liabilities can be measured at fair value though profit/loss when "full IFRS for financial instruments" is selected, using IFRS 9 criteria and presentation.</li> <li>• Financial liabilities where a loan covenant is breached at the end of the reporting period are considered current. If there is no breach, the loan is considered non-current, if the lender has a real possibility to terminate the loan within the forthcoming 12 month. Otherwise, the financial liability must be considered non-current.</li> <li>• Loan modification that does not result in derecognition can be interpreted by applying either IFRS 9 or IAS 39.</li> </ul>	<ul style="list-style-type: none"> <li>• Generally, financial liabilities are measured at amortised cost.</li> <li>• Possibility to use fair value option with fair value adjustment though profit/loss (FVTPL) provided certain criteria are met, however, gains or losses attributable to changes in own credit risk are presented in OCI.</li> <li>• Specific requirements for derecognition.</li> <li>• Requirement for the recognition of the value of financial guarantees.</li> <li>• Liabilities are classified as current if the borrower does not have a substantial right to defer settlement for at least 12 months after the reporting period.</li> <li>• Financial liabilities where a loan covenant is breached at the end of the reporting period are always presented as current whether or not it is likely that the loan will be terminated.</li> </ul>
Issued financial guarantee contracts	<ul style="list-style-type: none"> <li>• If an issuer applies the principles of IAS 39 to a financial guarantee contract, then it measures the contract: <ul style="list-style-type: none"> <li>– initially at fair value; and</li> <li>– subsequently at the higher of: <ul style="list-style-type: none"> <li>• the amount determined in accordance with IAS 37; and</li> <li>• the amount recognised initially less, when appropriate, the cumulative amount of income recognised in accordance with the applicable revenue recognition.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Financial guarantee contracts issued by an entity fall in the scope of IFRS 9 from the issuer's perspective unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has accounted for them on that basis.</li> <li>• If the issuer applies IFRS 9 to a financial guarantee contract, then it measures the contract: <ul style="list-style-type: none"> <li>– initially at fair value; and</li> <li>– subsequently at the higher of: <ul style="list-style-type: none"> <li>• the amount of the loss allowance determined in accordance with IFRS 9; and</li> <li>• the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.</li> </ul> </li> </ul> </li> </ul>
Convertible debt instruments	<ul style="list-style-type: none"> <li>• Convertible debt is presented as a separate line item (Arabic numeral) under liabilities. The Danish Financial Statements Act does not specifically state whether compound financial instruments are to be split into components.</li> </ul>	<ul style="list-style-type: none"> <li>• Compound financial instruments are split into their components and classified as financial liabilities and equity components.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Provisions	<ul style="list-style-type: none"> <li>No specific rules regarding dismantling and decommission liabilities. The requirement follows the reference to IAS 16 for recognition of dismantling liabilities in the cost of property, plant &amp; equipment.</li> </ul>	<ul style="list-style-type: none"> <li>Specific rules regarding treatment of dismantling and restoration liabilities.</li> </ul>
Uncertain income tax positions	<ul style="list-style-type: none"> <li>IFRIC 23 is to be used as the basis of interpretation.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed requirements as to how entities shall recognise and measure uncertain tax positions in relation to income tax.</li> <li>IFRIC 23 clarifies that recognition and measurement shall follow IAS 12 and not IAS 37.</li> </ul>
Employee benefits	<ul style="list-style-type: none"> <li>General provisions as the definition of liabilities and the requirement for accrual.</li> </ul>	<ul style="list-style-type: none"> <li>Specific requirements for the recognition of current and non-current employee benefits.</li> </ul>
	<ul style="list-style-type: none"> <li>IAS 19 is used to interpret the Act with regard to recognition and measurement. Actuarial gains and losses are recognised directly in equity.</li> </ul>	<ul style="list-style-type: none"> <li>Specific provisions regarding recognition of defined benefit plans. All actuarial gains and losses are recognised directly in other comprehensive income.</li> </ul>
Share-based payment	<ul style="list-style-type: none"> <li>No specific provisions for equity-settled share-based payment transactions.</li> <li>Significant equity settled transactions should be recognised in accordance with the provisions in IFRS 2.</li> <li>Cash-settled share-based payment transactions follow the general provisions on recognition of financial liabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Specific requirements for share-based payments. 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; under a cash-settled arrangement, the counter entry shall be recognised as a liability. The value of the liability shall be adjusted on an ongoing basis. The cost shall be recognised over the vesting period.</li> </ul>
<b>Income statement items</b>		
Revenue	<ul style="list-style-type: none"> <li>Revenue must be recognised in the income statement as earned.</li> <li>Entities can choose between IAS 18 and IAS 11 and related IFRICs as the basis of interpretation or IFRS 15.</li> <li>Reporting class B entities may omit to apply the percentage-of-completion method unless it compromises the true and fair view.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed requirements in IFRS 15 for recognition of revenue from the sale of goods and services, included separating performance obligations in a contract, sale of licenses and recognition of costs to obtain and fulfil a contract-</li> <li>Detailed requirements for recognition and measurement of revenue over time.</li> </ul>

## Other areas

Assets held for sale/discontinued operations	<ul style="list-style-type: none"> <li>• ÅRL does not operate with a separate asset class 'assets held for sale'.</li> <li>• Discontinued operations and related liabilities that are to be disposed of, closed down or abandoned (unless they cannot be separated from the other operations) according to an overall plan must be presented as separate line items in the income statement and balance sheet under assets and liabilities, respectively, with specification in the notes.</li> <li>• Restatement of comparative figures is not required, but it is allowed for both the income statement and the balance sheet.</li> <li>• There are no specific requirements for the specification and placement in the income statement and balance sheet, respectively.</li> <li>• Discontinued operations are measured as other items of property, plant &amp; equipment and intangible assets, i.e. depreciation does not cease.</li> <li>• Individual assets are not covered by discontinued operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Assets held for sale and related liabilities shall be measured at the lower of carrying amount and fair value less selling costs.</li> <li>• Depreciation ceases.</li> <li>• Shall be presented separately in the balance sheet as current assets or current liabilities, respectively. Comparative figures cannot be restated.</li> <li>• Discontinued operations shall be presented separately as a net amount after tax in profit/loss comprising both operating profit/loss and gain/loss/value adjustment on disposal. Comparative figures shall be restated. Specific requirements for disclosure in the notes.</li> <li>• Individual assets are covered by the definition "assets held for sale".</li> </ul>
Leases	<ul style="list-style-type: none"> <li>• Entities can choose IAS 17 with relating IFRICs as the basis of interpretation or IFRS 16.</li> <li>• If IAS 17 is applied, leases shall be classified as either operating leases or finance leases.</li> <li>• A reporting class B may choose not to recognise finance leases in the balance sheet if the non-recognition does not impact on the true and fair view of the financial statements.</li> <li>• IFRS 16 can be used as the basis of interpretation under the Danish Financial Statements Act without complying with its disclosure requirements. This also applies to reporting class B entities, which will then be unable to use the exemption not to recognise finance leases on the balance sheet. Using IFRS 16 under the Danish Financial Statements Act also requires that IFRS 15 is used as basis of interpretation.</li> </ul>	<ul style="list-style-type: none"> <li>• All the lessee's leases shall generally be recognised in the balance sheet except from short-term leases and low-value assets.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Derivative financial instruments and hedge accounting.	<ul style="list-style-type: none"> <li>• Derivative financial instruments are generally to be measured at fair value over the income statement.</li> <li>• General provisions on hedging.</li> <li>• No specific requirements for embedded financial instruments.</li> <li>• General reference to IAS 39 for further guidance.</li> <li>• Possibility to opt in for "full IFRS for financial instruments" including disclosure requirements (IAS 32, IFRS 9, IFRS 7 and IFRS 13).</li> <li>• IFRS 9 Financial Instruments can be used as the basis of interpretation for hedge accounting without implementing the other requirements of the standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Derivative financial instruments are generally to be measured at fair value through profit/loss.</li> <li>• Very restrictive provisions for hedge accounting, however less restrictive than under IAS 39.</li> <li>• Very specific requirements for separating embedded financial instruments.</li> </ul>
Government grants	<ul style="list-style-type: none"> <li>• Only gross presentation of grants is allowed.</li> </ul>	<ul style="list-style-type: none"> <li>• Option to choose between gross and net presentation of grants.</li> </ul>
Foreign currency	<ul style="list-style-type: none"> <li>• DKK or EUR can always be chosen as the functional currency for a Danish entity. Other currencies can be used if the currency is relevant to the entity.</li> <li>• Foreign entities are to be classified as integrated or separate entities.</li> </ul>	<ul style="list-style-type: none"> <li>• The functional currency shall be determined based on relevance to the entity.</li> <li>• Under certain circumstances, the parent company's functional currency shall be applied as functional currency for foreign entities (integrated entities).</li> </ul>
	<ul style="list-style-type: none"> <li>• The parent company's functional currency must be used as presentation currency for both the parent's separate financial statements and the consolidated financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• Discretionary choice of presentation currency.</li> </ul>
	<ul style="list-style-type: none"> <li>• Integrated entities' financial statements are translated using the temporal method.</li> <li>• Foreign entities' financial statements are translated using the closing rate method.</li> </ul>	<ul style="list-style-type: none"> <li>• The financial statements of all entities (including the parent company) with a functional currency different from the presentation currency shall be translated using the closing rate method.</li> </ul>
	<ul style="list-style-type: none"> <li>• No specific provisions on adjustment for hyperinflation, but adjustments can be necessary due to the requirement for a true and fair view. IAS 29 is used as the basis of interpretation.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific requirements for adjustment for hyperinflation.</li> </ul>

## Note disclosures and accounting policies

The Danish Financial Statements Act		IFRS Accounting Standards as adopted by the EU
Note disclosures	<ul style="list-style-type: none"> <li>• Specific disclosure requirements. Special Danish requirements apply within certain areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed disclosure requirements.</li> </ul>
	<ul style="list-style-type: none"> <li>• No requirement for comparative figures in the notes unless specifically stated in the provision.</li> </ul>	<ul style="list-style-type: none"> <li>• Comparative figures in the notes are always required except when specifically exempted.</li> </ul>
	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• No requirement for a specific order apart from a systematic presentation.</li> </ul>
	<ul style="list-style-type: none"> <li>• Relevant IFRS Accounting Standards can be used as inspiration.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant disclosure requirements in the following areas: <ul style="list-style-type: none"> <li>– Segments</li> <li>– Impairment testing and write-down</li> <li>– Management's estimates and judgements</li> <li>– Financial instruments and risks</li> <li>– Fair value measurement</li> <li>– Interests in other entities</li> <li>– Business combinations</li> <li>– Discontinued operations and assets held for sale</li> <li>– Defined benefit plans</li> <li>– Share-based payments.</li> </ul> </li> </ul>
Related party transactions	<ul style="list-style-type: none"> <li>• The entity may, as an accounting policy choice, choose to: <ul style="list-style-type: none"> <li>– Disclose all related party transactions as required by IAS 24 (however, possible to refrain from disclosing transactions between the entity and its fully owned subsidiaries), or</li> <li>– Disclose only related party transactions that have not been carried out on an arm's length basis.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Several disclosures shall be made for related party transactions broken down by nature and with disclosure of amounts.</li> </ul>
Dividends and profit appropriation/distribution of loss	<ul style="list-style-type: none"> <li>• Management's proposed dividend distribution is presented as a separate item in equity named "Retained earnings". Furthermore, distributed extraordinary dividends must be separately disclosed irrespective of whether the distribution was made during the reporting period or after the end of the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>• Management's proposed dividends must be disclosed in the notes.</li> <li>• No requirements for presentation of profit appropriation/distribution of loss.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Accounting policies	<ul style="list-style-type: none"> <li>Accounting policies shall be prepared under the general assumptions in section 13 of DFSA, including materiality. For immaterial items, accounting policies can be omitted or made less detailed.</li> <li>Estimation uncertainties or judgements shall not be separately disclosed.</li> <li>No requirement for disclosure of future changes in accounting policies.</li> </ul>	<ul style="list-style-type: none"> <li>Material accounting policies shall be disclosed (previously significant accounting policies). The purpose of the change is to make accounting policies more relevant and specific to the entity and remove generic descriptions.</li> <li>Significant estimation uncertainties and judgements made when applying the accounting policies in connection with the financial reporting shall be disclosed separately.</li> <li>Requirement for disclosure of future changes in accounting policies.</li> </ul>
<b>Supplementary reports</b>		
Supplementary reports	<ul style="list-style-type: none"> <li>Option to incorporate supplementary reports.</li> </ul>	<ul style="list-style-type: none"> <li>No provisions regarding supplementary reports.</li> </ul>
<b>Selected forthcoming accounting standards and amendments to accounting standards (subject to EU endorsement)</b>		
IFRS 18: Presentation and Disclosure in Financial Statements	<ul style="list-style-type: none"> <li>Entities should keep track of revisions to the Danish Financial Statements Act in respect of this matter.</li> </ul>	<ul style="list-style-type: none"> <li>IFRS 18 introduces significant changes to the presentation of an entity's primary financial statements, including a more structured income statement with three new categories of income and expenses (operating, investing and financing) and two new subtotals (operating profit or loss and profit or loss before financing and income tax). It also requires management performance measures (MPMs) to be disclosed and subject to audit, enhancing transparency by linking them to standard IFRS measures. Additionally, companies will need to provide greater disaggregation of information in their financial statements, discouraging the use of vague labels like "other" and ensuring more detailed disclosures.</li> <li>Effective date: 1 January 2027.</li> </ul>
IFRS 19: Subsidiaries without Public Accountability: Disclosures	<ul style="list-style-type: none"> <li>Certain subsidiaries with parents that produce consolidated accounts under IFRS Accounting Standards will be able to adopt IFRS 19, enabling them to apply an IFRS-compliant reduced disclosure framework while saving management from having to prepare both a Danish Financial Statements Act set of accounts and an IFRS set of accounts for group reporting purposes.</li> </ul>	<ul style="list-style-type: none"> <li>IFRS 19 introduces a reduced disclosure framework for subsidiaries without public accountability.</li> <li>Effective date: 1 January 2027.</li> </ul>

	The Danish Financial Statements Act	IFRS Accounting Standards as adopted by the EU
Classification of financial assets: amendments to IFRS 9 and IFRS 7	<ul style="list-style-type: none"> <li>Amendments to IFRS 9 and IFRS 7 are not applicable to classification of financial assets under the Danish Financial Statements Act, unless the entity opts in to "full IFRS for financial instruments" including disclosure requirements (IAS 32, IFRS 9, IFRS 7 and IFRS 13).</li> </ul>	<ul style="list-style-type: none"> <li>Amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs, such as ESG-linked features, under which those financial assets could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.</li> <li>Effective date: 1 January 2026.</li> </ul>
Cash received via electronic transfers: amendments to IFRS 9 and IFRS 7	<ul style="list-style-type: none"> <li>The principles of the amendments to IFRS are expected to apply equally under the Danish Financial Statements Act.</li> </ul>	<ul style="list-style-type: none"> <li>Amendments clarify that a company that settles its trade payables using an electronic payment system generally derecognises the trade payables on the settlement date (i.e. when the payment completes). As an exception, companies may elect on an electronic payment system-by-system basis to derecognise trade payables settled via an electronic payment system at the date certain criteria are met.</li> <li>Effective date: 1 January 2026.</li> </ul>

## Appendix Overview of interpretations of the Danish Financial Statements Act and IFRIC-agenda decisions

Areas	Legal framework in the Danish Financial Statements Act	Used for interpretation of the Danish Financial Statements Act (in the cases where the Danish Financial Statements Act does not have specific provisions)	IFRS Accounting Standards as adopted by the EU	IFRIC Interpretations
General information				
Framework	§§ 11, 12, 13	-	Conceptual Framework for Financial Reporting, IAS 1	-
Management's review	§§ 2, 11, 14, 17, 22, 76 a, 77, 77 a-b, 78, 99, 99 a-d, 100-102, 107, 107 a-d, 128, 128 and 135.	-	-	-
Income statement/ statement of comprehensive income	§§ 23, 24, 31, 32, 53, 66, 67a, 80, 81, 95a,	-	IAS 1, 16, 19, 21 IFRS 9, 15	2022-02, 2022-04, 2022-06, 2022-09, 2022-04, 2021-02, 2021-03, 2021-04, 2020-03, 2020-06, 2022-09, 2020-03, 2020-12
Balance sheet	§§ 23, 24, 36-37, 66, 26, 80	Format requirements allow for balance sheet presentation in accordance with IAS 1	IAS 1	2021-02, 2020-12
Statement of changes in equity	§§ 17, 21, 22, 25, 31	IAS 1	IAS 1	2021-02, 2020-12
Cash flow statement	§§ 35a-b, 39, 41, 43a, 49, 55 a, 58, 78, 83, 86a, 87a, 102, 118, 126	IAS 7	IAS 7	2022-11, 2020-12

Areas	Legal framework in the Danish Financial Statements Act	Used for interpretation of the Danish Financial Statements Act (in the cases where the Danish Financial Statements Act does not have specific provisions)	IFRS Accounting Standards as adopted by the EU	IFRIC Interpretations
<b>Consolidated financial statements</b>				
Consolidated financial statements	§§ 5, 7, 17, 18, 22, 53-55, 78 a, 87, 102, 109-128 a	IFRS 10 (consolidated financial statements) with departures IAS 28 (measurement of equity interests and joint ventures) IFRS 11 or IAS 31 (joint ventures)	IAS 27, 28 IFRS 10, 11, 12 SIC 12	2023-06, 2022-11, 2020-09
Business combinations between independent parties	§§ 23, 24, 25 36, 37, 38, 42, 43, 43a, 47, 53, 55, 58c, 67a, 76a, 80, 99, 121-123, 129, 130	IFRS 3 with certain differences, see the memorandum from the Danish Business Authority: "The relationship between the use of provisions on business combinations in the Danish Financial Statements Act and IFRS (IFRS 3)" <a href="http://erhvervsstyrelsen.dk">erhvervsstyrelsen.dk</a>	IFRS 2, 3, 5, 9, 10, 13 IAS 12, 19, 32, 36	2024-03, 2023-09, 2022-02, 2022-06, 2022-09, 2021-04, 2021-09 2020-04, 2020-06, 2020-09, 2020-12
Business combinations under common control	§§ 24, 25, 38, 55, 80, 98c, 101, 122, 130	-	-	2023-06
<b>Balance sheet items</b>				
Intangible assets	§§ 33, 36, 40-43, 49, 53, 58, 59, 83, 88, 88 a	IAS 38	IAS 36, 38 IFRIC 12 SIC 29, 32	2021-03, 2020-06
Property, plant & equipment	§§ 33, 36, 40-43a, 49, 53, 58-60, 83a, 88, 90a	IAS 16	IAS 16	-
Investment property and related obligations	§§ 33, 36, 37, 38, 49, 53, 58a, 67a, 88	IAS 40	IAS 40 IFRS 13	-
Biological assets	§§ 37, 38, 53, 58a	IAS 41	IAS 41 IFRS 13	-
Equity interests in subsidiaries, associates and joint ventures in the parent company's separate financial statements	§§ 15,36, 37, 41, 43a, 53, 58, 58c, 88, 97a	IAS 27 (Cost) IAS 28 (Equity method) IAS 39 (Fair value method) IFRS 11 (Classification of jointly	IAS 27, 28, 39 IFRS 10, 11, 12 SIC 12	2023-11, 2020-09

Areas	Legal framework in the Danish Financial Statements Act	Used for interpretation of the Danish Financial Statements Act (in the cases where the Danish Financial Statements Act does not have specific provisions)	IFRS Accounting Standards as adopted by the EU	IFRIC Interpretations
		controlled entities) IAS 28 (Recognition and measurement of associates and joint ventures)		
Inventories	§§ 33, 36, 38, 44-46, 53, 59, 67a, 78, 82, 89	IAS 2	IAS 2	2021-06
Other investment assets	§§ 38, 41	-	-	-
Impairment of non-current assets	§§ 29, 42, 49, 53, 67a, 88, 88b	IAS 36	IAS 36 IFRIC 10	-
Equity	§§ 31, 35b, 41, 49, 55, 58, 86a, 87, 93, 95a, 104	IAS 1	IAS 1	-
Financial assets/liabilities	§§ 26, 33, 36-37a, 49, 50, 53, 58a-58b, 63, 73, 88, 88b, 92-93	IAS 39 (IFRS 9 can be applied)	IAS 32, 39 IFRS 7, 9 IFRIC 2, 12, 16, 19	2023-09, 2023-03, 2022-02, 2022-06, 2022-09, 2021-04, 2021-09, 2020-12
Provisions	§§ 25, 47, 91	IAS 37	IAS 37 IFRIC 5, 6, 21	2024-03, 2022-06
Uncertainty over income tax treatments tax	-	IFRIC 23	IAS 12 IFRIC 23	2020-04, 2020-06
Employee benefits	§§ 33, 36, 47, 53, 98a, 98b	IAS 19	IAS 19	2021-04
Share-based payments	§§ 93, stk. 2, 98 b	IFRS 2	IFRS 2	-

Areas	Legal framework in the Danish Financial Statements Act	Used for interpretation of the Danish Financial Statements Act (in the cases where the Danish Financial Statements Act does not have specific provisions)	IFRS Accounting Standards as adopted by the EU	IFRIC Interpretations
<b>Income statement items</b>				
Revenue	§§ 26, 49, 83b	IAS 18/11 SIC 31 (IFRS 15 can be applied)	IAS 11, 18 IFRS 15	2022-04, 2020-03
<b>Other areas</b>				
Non-current assets held for sale/discontinued operations	§§ 24, 55, 67 and 80	-	IFRS 5	-
Leases	§§ 33, 60, 63, 64, 83 a, 92, 94 b	IAS 17 (IFRS 16 can be applied)	IAS 17 IFRS 16 IFRIC 4	2023-03, 2022-11, 2021-09, 2021-11, 2020-01, 2020-06, 2020-09
Derivative financial instruments and hedging	§§ 36, 37, 37a, 49, 50, 53, 58a, 58b	IAS 39 (IFRS 9 can be applied)	IAS 39 IFRS 9, 13	2022-02, 2022-06, 2022-09, 2022-11, 2021-04, 2020-12
Government grants	§§ 13, 67a	IAS 20 with the difference that net presentation is not allowable under the Danish Financial Statements Act	IAS 20	2022-02
Foreign currency	§§ 16, 39, 53, 55a	IAS 21, 29	IAS 21, 29	2023-06, 2022-09, 2020-03

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