

It is now possible to present annual reports and interim reports in English only

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The Danish Parliament has just adopted an amendment to the act, which means that Danish enterprises are now allowed to prepare annual reports and interim reports in English only. So far, it has been an absolute requirement that such documents be prepared in Danish.

Moreover, minor amendments are made to the rules on the statement of corporate social responsibility, and a few adjustments are made to the Danish Companies Act. These changes are not described in detail in this article.

The amendment to the act takes effect as from 1 January 2014. The change applies to annual reports adopted at general meetings held after 1 January 2014 and thus applies to annual reports for 2013; however, see the description below concerning amendments to the company's articles of association.

PwC expects the new rules to be particularly interesting for listed companies and companies owned by a foreign parent company.

Who may apply the new rules on preparation of annual reports in English?

All enterprises comprised by the Danish Financial Statements Act – except for commercial foundations – may apply the new rules, ie listed companies, state-owned public limited companies and "ordinary" public and private limited companies.

It is possible to decide to prepare annual reports in English only already at the foundation of a company.

What is required in order to introduce the preparation of reports in English only?

An amendment to the company's articles of association by the general meeting is required. Under the new rules, such amendment may be passed by a simple majority of votes. According to the preparatory works of the act, it will be possible to adopt the amendment to the articles of association at the annual general meeting to be held in the spring of 2014 and at the same general meeting adopt the annual



report in English for 2013. Thus, the company does not have to wait until the articles of association have been amended before presenting its annual report in English for the first time.

The agenda for the general meeting at which the presentation of the annual report in English is to be adopted for the first time should include an item concerning the language of the annual report which must be addressed before the item relating to the adoption of the annual report. If the general meeting turns down the proposal for future preparation of annual reports in English only, the annual general meeting must be adjourned, and an annual report must be prepared in Danish. Subsequently, the general meeting may be resumed in order to adopt the annual report in Danish. The calling of the general meeting to be resumed must observe the normal rules relating to notice, and the new annual report must be made available to the shareholders prior to the general meeting in accordance with the general rules in this respect.

There is no requirement that the general meeting resolve that all documents to be addressed at the general meeting or subsequently should be in English only. Thus, the general meeting may resolve that only the annual report is prepared in English whereas other documents to be addressed at the general meeting or subsequently may continue to be in Danish.

Is it possible to return to preparing the annual report in Danish?

The general meeting may at any time decide to return to preparing the annual report in Danish.

Does the option apply to both annual reports and interim reports?

Yes, but it requires a change of the disclosure requirements relating to listed companies – which is expected in the near future.

It is not possible to present interim reports in English until the general meeting has resolved that annual reports are to be prepared in English only. However, it will not be required that an annual report in English has been presented before an interim report is prepared in English as long as the general meeting has passed a resolution in this respect.

Will it still be possible to prepare annual reports in two languages in the same document?

Yes, this will still be possible. If the enterprise wants to prepare the annual report in a third language, the annual report must – besides that language – also include either an English or a Danish version.