

Changing a limited company



Contents

- Do you want to make changes in a limited company? 3
- The business name 4
- The articles of association 6
- The board of directors and the managing director 8
- Auditors 10
- Address 12
- Bonus issue 14
- New share issue 17
- File the annual report 24
- References 26



Do you want to make changes in a limited company?

In this brochure you may read about some of the most common changes occurring in a limited company.



Apply for the change on the website verksamt.se

If possible, apply for the changes on the website verksamt.se. The service provides help filling in the application to ensure that all the details needed are stated.

Besides, the registration fee is cheaper than if you use a paper form. In the service you may also reply to messages from us.

A board member or the managing director must sign the application. To do so he/she needs a Swedish e-identification. The e-identification is your identity card for identifying yourself on the Internet. It is easy to get an e-identification through your bank.

Apply on a form

You may instead use form no. 817e Application for changes – limited companies, which must be submitted in the original. The form must be signed by a board member or by the managing director. You will find the form on www.bolagsverket.se.

Pay the registration fee

The registration fee must be paid at the same time as you submit your application. Write the registration number or the case number as a message in connection with the payment.

It is cheaper to submit the change through an e-service than by a paper form. Information about the fees can be found on www.bolagsverket.se.

Plusgiro: 95 06 08-0
Bank giro: 5050-0255.

The business name

It is important that the business name of the company makes it possible to distinguish your company from other enterprises, associations and trademarks. Therefore, consider your name proposals carefully. When the business name has been registered it has obtained name protection throughout the country within the line of business of the company.



How to do

1. Consider the name you want for your company

Before submitting your proposals you may check up if somebody else has already registered the name that you would like to have for your company. You may check this in our e-service Näringslivsregistret which may be reached from www.bolagsverket.se.

2. Submit your name proposals to Bolagsverket.

Preferably you should submit several proposals and vary them as much as possible.

3. Bolagsverket examines the names in the order you have stated them.

Among other things we check if another enterprise or trademark is already registered by that name.

4. Bolagsverket registers the first possible name proposal to be approved of without first contacting you.

Now you have gained protection for the business name throughout Sweden, within the line of business of your company. Please note that we do not grant decisions in advance regarding a business name.

5. Important! Before ordering a domain name, printed matters, signs, and similar...

Important: Do not order the above products before the registration of the company name is ready.

6. When the business is running you should always use the full business name the way it is registered.

This will reduce the risk of misunderstandings and conflicts. The protection of the business name provided by the registration refers to the full business name only.

Different sorts of business name

A business name may consist of the following:

- imaginary words, for example Cajin Aktiebolag
- imaginary words + business activity word, for example Cajin Fashion Aktiebolag
- name of town + business activity word, for example Ronneby IT Aktiebolag
- surname + business activity word, for example Brobergs Motor Aktiebolag
- combinations of letters + business activity word, for example P.M. Accounting Aktiebolag.

The following cannot be approved

A few examples of business names which we cannot approve

- The name is merely a description of the business activities or the company's products or services, for example The Bike Shop Aktiebolag or IT Consulting Aktiebolag. These examples require an addition, for example an imaginary word, a first name or a surname.

- The name could be confused with another business name or a trademark.
- The name may be taken for somebody else's surname (family name).
- The name indicates another business activity than the actual one or is misleading in any other way.

Read more about business names on www.bolagsverket.se.

Private and public limited companies

Limited companies are divided into private and public. The business name of a private limited company may not include the word public and the business name of a public limited company may not include the word private. The business name of a public limited company must – if it is not evident from the business name that the com-

pany is a public limited company – in the articles of association and elsewhere be referred to with the term (publ) after the name.

Describe the business activities

You have the sole right to your business name within the line of business, in which the company is active. Therefore, it is important that you describe the line of business, in which you intend to carry on business when you apply for registration of your enterprise. The description of the line of business must be explicit and well defined, so that it is easy to understand. Do not write in too general terms. For instance it is not sufficient to write that you intend to carry on trade or consulting business. Write instead for example trade in cars or consulting business within skin care.



The articles of association

The shareholders' meeting decides on a change of the articles of association. The articles of association are the set of regulations of the company.



A decision to change the articles of association is only valid, if at least two-thirds of the shareholders are present at the shareholders' meeting, and if two-thirds of those present give their consent. For certain changes of the articles of association a larger majority is required.

The contents of the articles of association

The articles of association must contain information regarding

- the business name of the company
- the registered office of the board
- the objects of the company
- the registered share capital or the minimum and maximum share capital allowed
- the number of shares or the minimum and maximum number of shares allowed
- the number of board members or

the minimum and maximum number of board members

- the number of deputy board members or the minimum and maximum number of deputy board members, when applicable
- the number of auditors or that the company shall not have an auditor
- how to summon to the shareholders' meeting (the annual general meeting)
- the financial year

Minutes from the shareholders' meeting

You must take minutes at the shareholders' meeting. The minutes must contain information on the business name of the company, registration number, place and date of the shareholders' meeting. The minutes are taken by the chair of the shareholders' meeting or by the person who is appointed the keeper of the minutes. A voting list must be contained in or attached to the minutes, i.e. a list of the share holders present at the meeting as well as information on the number of shares and votes the person or the enterprise represented.

Summons to the shareholders' meeting in due time

Summons to the annual and extraordinary general meetings during which the articles of association are to be changed must take place not earlier than six weeks and not later than four weeks before the general meeting.

The summons to any other extraordinary general meeting must take place not earlier than six weeks and not

later than two weeks before the general meeting. The articles of association must contain information regarding the way of summoning to the general meeting, but not information regarding the time. The summons must contain an agenda for the meeting.

Private limited companies may prescribe in the articles of association that summons to all sorts of shareholders' meetings must be made not later than two weeks before the meeting.

Public limited companies must always summon to general meetings through an advertisement in Post- och Inrikes Tidningar (the Official Swedish Gazette) as well as in a nation-wide, named daily newspaper. Further ways of summoning may be stated in the articles of association.

Change of the financial year

The fundamental rule is that it is always possible to change a split financial year to the calendar year being the financial year. However, special rules apply regarding subsidiaries in groups. Read more under the heading Financial year for a subsidiary.

Read more about change of financial year in Bolagsverket's and Skatteverket's joint brochure Omläggning av räkenskapsår on www.bolagsverket.se.

As of 1 January 2011 a financial year may start on the first day of any calendar month. However, as it was also the case before, in most cases a permit from Skatteverket is required to

change to a split financial year.

Financial year for a subsidiary

Normally limited companies being subsidiaries must have the same financial year as the Swedish parent company of the group. The subsidiary does not need a permit from Skatteverket to change to the same financial year as that of the Swedish parent company. If the subsidiary wants to change to another financial year than that of the group or the calendar year, a permit is required from Skatteverket.

Optional articles

You may add optional clauses or provisions to the articles of association, so-called reservations, regarding the shares and the share capital.

Post-sale purchase right clause, also referred to as 'prior option of purchase' or 'pre-emption clause'

It is very common that a provision regarding 'prior option of purchase' is included in the articles of association. A provision regarding 'prior option of purchase' implies that the person who has just bought a share in certain cases must offer (to those having the right of first refusal) other shareholders to purchase (pre-empt) the shares which he/she has just become the owner of.

Right of first refusal clause

You may limit the right of free transfer of the shares by including a right of first refusal clause. This gives previous shareholders or someone else a preferential right to buy shares which are to be transferred.

Consent clause

You may limit the right of free transfer of the shares by including a consent clause. This means that the board or the shareholders' meeting must give its consent, i.e. its approval, before a share may be transferred to a new owner.

Reduction and redemption clause

If the company is to reduce the share capital you may by this provision in advance clarify which shares are to be redeemed, what the amount should be and how to estimate the amount.

Share conversion clause

If the company has several different classes of shares, you may provide that a certain class of shares may be converted to another class of shares already registered, on request of the shareholder. The reservation clause may also imply that certain shares shall be converted if a specified occurrence arises or under special conditions.

Liquidation clause

This clause provides that the company must go into liquidation if a certain occurrence arises or under special conditions.

Majority of votes

This clause provides that certain decisions at the shareholders' meeting must be taken with a larger majority of the votes than required by law.

Record day provision

A 'record day provision' means that

the company signs a contract with Euroclear Sweden AB (previously VPC AB), assigning this company to keep the share register.

Disputes resolved by arbitrators

You may include a clause which provides that disputes arising between the company and the board, a board member, the managing director, the liquidator or a shareholder must be resolved by arbitrators.

Deviation of the voting right

The fundamental rule is that a shareholder may vote for all the shares that he/she represents – without any limitations of the voting right. If anything else is to apply, this must be governed by the articles of association.

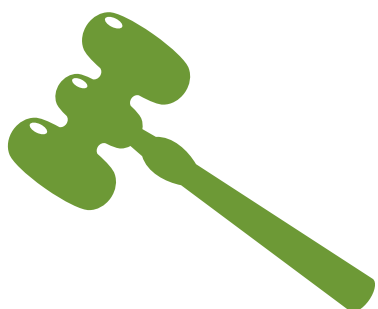
Report a change of the articles of association

If you use the website verksam.se you fill in the details of the articles of association and the minutes from the shareholders' meeting directly in the service.

If you use a paper form you must submit a paper copy of the articles of association and the minutes from the shareholders' meeting.

The board of directors and the managing director

The shareholders' meeting appoints the board of directors. The board of directors appoints a chair of the board and the managing director. The board of directors and the managing director manage the business activities of the enterprise.



Board members

The board of directors in a limited company shall consist of at least three board members. If it is a private limited company the board may consist of only one or two board members with at least one deputy member.

The members of the board are normally appointed until the end of the next annual general meeting. The period for which the board of directors is appointed, is referred to as a 'period of mandate' and normally is a maximum of four financial years. A board of directors may be re-elected for a new period of mandate. If the regular board members cannot fulfil their tasks the deputy board members will act in their place.

The board members

- must be at least 18 years old,
- must not be in bankruptcy,
- must not have a legal guardian,
- must not be prohibited from carrying on business.

A change of the board of directors is valid at the earliest from the point of time when the application for the change was received at Bolagsverket or from a future date stated in the decision, on which the application for the change is based.

Until then it is the old, resigning board which is authorized to represent the company. Therefore, it is important to report changes immediately.

Chair of the board

If the board of directors consists of more than one board member, the board of directors must appoint one of its members the chair of the board. This person is to direct the work of the board and make sure that the board of directors carries out its tasks. The chair of the board must be reported to Bolagsverket for registration.

Managing director

The board of directors appoints the managing director. In public limited companies the board must always appoint a managing director. In these companies the managing director and the chair of the board cannot be the same person.

In private limited companies the board of directors may appoint a managing director. If a managing director is appointed, he/she must be reported to Bolagsverket for registration.

A change of the managing director is valid at the earliest from the moment when the change is filed with Bolagsverket or from the future date stated in the decision, on which the application for the change is based. Therefore, it is important to report changes immediately.

A person authorized to receive service of process

If the company does not have any

authorized representative resident in Sweden, the company must authorize a person resident in Sweden (registered in the Swedish population register) to receive service of process on behalf of the company. The person authorized to receive service of process must not be under the age of 18 or have a legal guardian pursuant to the Parental Code. The person authorized to receive service of process must be reported to Bolagsverket for registration.

Signatory power

The board of directors may decide regarding the signatory power, i.e. who should have the right to sign contracts on behalf of the company.

If no special signatory power is reported for registration, the board of directors is entitled to sign on behalf of the company. This means that more than half of the board members, jointly, must sign for example loan instruments and contracts.

You must always fill in the signatory power when you make a change regarding board members, deputy board members, managing director or specially authorized signatories.

The new signatory power comes into force at the earliest from the moment when the change is filed with Bolagsverket or from the future date stated in the decision, on which the application for the change is based. There-

fore, it is important to report changes immediately.

Report a change of the board of directors

If you change the board of directors, the managing director or specially authorized signatories you must report this to Bolagsverket for registration. You may do so either by the website verksamt.se or by submitting form no. 818e Application for changes of the board – limited liability company. On the form you will find information regarding the attachments that need to be enclosed to the form.

One's own resignation from the board of directors

A person, who wants to resign from the board of directors, must report this to the board. The fundamental

rule then is that the board shall immediately report the resignation to Bolagsverket for registration, and if required summon to a shareholders' meeting to make a supplementary appointment or make a decision to have a lower number of board members or deputy members. The person resigning may choose to report the resignation him- or herself to us.

The resignation may be reported through verksamt.se or by submitting form no. 852e Resignation from the board of directors – limited liability company.

When reporting the resignation you need to pay a registration fee. On the page Fees for limited liability company you will find the current fees.



Auditors

The fundamental rule is that a limited company must have an auditor. However, small companies may choose not to.



The tasks of the auditor

The period of the auditor's assignment is one year, but the company may decide on a longer period in the articles of association, however not exceeding four years.

The auditor must

- examine the accounting of the company and the board's management of the company
- report certain violations that he/she discovers when examining the accounting documents.

The auditor must never keep the accounts of the company.

Who may be the auditor?

Authorized or approved public accountants may act as auditors of limited companies. The shareholders' meeting may appoint one or more auditors and deputy auditors, when applicable. A registered accounting firm may likewise be appointed the auditor. In these cases the accounting firm must appoint a person being principally responsible for the audit. Both the accounting firm and the principally responsible auditor must be reported for registration with Bolagsverket.

Certain larger limited companies must have an authorized auditor or an approved public accountant who has passed the examination of professional competence. Therefore, it is not sufficient to have an approved auditor.

An auditor must not

- be bankrupt
- be prohibited from carrying on business
- be prohibited from carrying out counselling business
- have a custodian

Change auditor

If the shareholders' meeting decides to change the auditor when his/her period of mandate has ended, you must report this to Bolagsverket for registration.

You may report the change of auditor in any of the following ways

- on the website verksam.se
- send in the form no. 817 e Application for changes – limited liability company, if the board is reporting the change
- the auditor sends in the form no. 851 Avregistrering som revisor – if he/she reports his/her own resignation from the position.

When changing the auditor you must pay a fee. See our website for current prices.

Assignment ends prematurely

If the company decides to change the auditor before the end of the period of mandate, or if the auditor him- or herself decides to resign prematurely, the following attachments need to be filed with Bolagsverket together with the application for registration:

- A statement from the auditor for the examination performed under the

current financial year during his/her assignment

- Information from the auditor stating the cause of the assignment ending prematurely.
- Information from the company or the appointing body stating the cause of the assignment ending prematurely.

The auditor must also report his/her resignation to the board. If an auditor who is not appointed by the shareholders' meeting wants to resign, he/she must also report the resignation to the appointing body.

Lay auditor

There is a possibility – along with the auditor of the company – to appoint one or more lay auditors. The lay auditor shall

- examine that the business activities of the company is managed in an appropriate and – from a financial point of view – in a satisfactory way
- examine if the internal control of the company is sufficient

A lay auditor need not have an auditor's education. He/she is appointed by the shareholder's meeting or in another way as stipulated in the articles of association and must be reported to Bolagsverket for registration.

The examination report of the lay auditors is not to be submitted to Bolagsverket.

Small companies may choose not to have an auditor

Certain private limited companies may choose not to register an auditor. In that case they need a clause about this in the articles of association. This only refers to small companies.

The limited companies which do not meet at least two of the following criteria for each of the two latest financial years may choose not to have an auditor –

- more than 3 employees (as an average)
- a balance sheet total of more than 1.5 million kronor
- a net turnover of more than 3 million kronor.



Address

The board of directors must as soon as possible report changes of the registered information to Bolagsverket. This also applies to changes of the address of the company or of the officials of the company. An official may also him- or herself report a change of address.

Change of the company's address

If the address of the company is changed, this must be reported to Bolagsverket for registration. There is no transfer of information from Svensk Adressändring to us. Report the change through the website verksam.se or use form no. 701e – Application for change of address – available on our website.

Change of officials' addresses

If the address of an official has been changed it may be reported for registration by a board member, the managing director or the official him- or herself.

Change of address is free of charge

We register the change of address free of charge.

Register your e-mail address with us

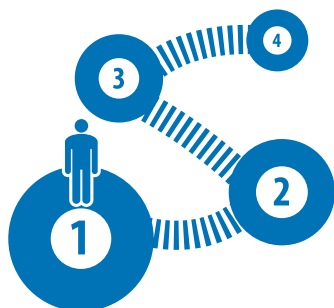
Protect your company against company hijacking! If you register your e-mail address through verksam.se, you will automatically receive a message by e-mail from us whenever an application for any change of the company is filed with us. In that way you will receive an immediate indication that a change has been reported. This is a simple way to prevent unauthorized persons from taking over your company.





Bonus issue

A bonus issue means that assets already in the company are transferred to the share capital. This is an accounting transaction, and no new assets are provided to the company.



How to do a bonus issue

1. Write a proposal

The board of directors writes a proposal regarding a bonus issue which will be the documentation before the shareholders' meeting.

2. Make the decision

The shareholders' meeting decides on the bonus issue

3. Report to Bolagsverket for registration

When the shareholders' meeting has made the decision on the bonus issue, it must be reported to Bolagsverket for registration.

Regardless whether new shares are issued or not, the shareholders will after the bonus issue be holding the same proportion of shares as before the bonus issue. The shareholders' influence in the company and their relative share of the total capital is not affected.

Why do companies make bonus issues?

- The capital is tied closer to the company as the share capital is restricted capital that cannot be distributed.
- To reduce the market price of the company's shares to a more attractive level. A bonus issue normally lowers the rate of the share, and a high rate makes it less attractive to trade in. If new shares are issued in the bonus issue, the shareholders receive more shares. At the same time the value of the shares decreases as the value of the company after the bonus issue is divided on more shares.

Different ways to make a bonus issue

A decision regarding bonus issue is made by the shareholders' meeting with simple majority (more than half the votes). If the articles of association must be altered, the decision in this respect must first be made by the shareholders' meeting; this decision requires a qualified majority (two-thirds of the votes).

A bonus issue may be made by transfer from

- Non-restricted equity – for example

from non-restricted reserves such as share premium reserves or unappropriated earnings. This decision may be made either at the annual general meeting, when the balance sheet is adopted, or at an extraordinary shareholders' meeting. The funds must, anyhow, appear in the latest adopted balance sheet.

- Restricted equity – for example from the revaluation reserves and the statutory reserve. This decision may be made any time during the financial year.
- Assets obtained through revaluation of the recorded value of a non-current asset. This may only take place during the annual general meeting in connection with the adoption of the balance sheet.

The company may execute the increase through

- issuing new shares which are divided between the existing shareholders
- not issuing new shares leading to an increase of the quotient value of the shares

The right to shares

In connection with a bonus issue involving new shares the shareholders shall have the right to these shares in proportion to the number of shares that they are already holding.

Difference in the right to assets and profit

If the company has shares of different classes where the difference is a question of the right to a share of the company's assets or profit, the share-

holders have a right to bonus shares in accordance with the wording of the articles of association.

Difference in the number of votes per share

If there is a difference in the shares in any other way, for example the number of votes per share, and the company decides on a bonus issue with issue of new shares of all the existing classes of shares, the bonus shares must be issued in the following way.

The shares must be issued in proportion to the number of shares previously issued within each class of shares. The old shares shall give the right to new shares of the same class in proportion to its part of the share capital.

Nothing prevents a company from issuing bonus shares of a new class of shares or shares merely of one of the existing classes. In this case the new shares must be divided between all the shareholders in proportion to their previous holding.

Proposal

The board of directors or someone else, for example a shareholder, writes a proposal for decision of a bonus issue. The proposal must be presented at the shareholders' meeting.

Contents of the proposal

The following must always be included in the proposal:

- The amount by which the share capital should be increased.

- Information whether new shares are to be issued.
- How to provide the amount by which the share capital is to be increased.

This may be

- from non-restricted equity
- from the statutory reserve
- from the revaluation reserve
- through a revaluation of a fixed asset

If new shares are to be issued, the following must be included in the proposal

- The number of new shares that each old share entitles to.
- From which point of time (the financial year) the new shares will entitle to dividend.
- The class of the new shares (only to be stated if there is already more classes of shares or a possibility of issuing shares of different classes).

When applicable, the following must be included in the proposal

- If any clause shall apply for the new shares, as for example share conversion, consent, first refusal right, pre-emption or post-sale purchase or redemption.
- That coupons attached to the share certificates shall be used as a bonus share rights certificate.
- That excess bonus share rights shall be sold through the company.
- The record day, if the company is a CSD company (registered at the Central Securities Depository). The record day is decided together with the central securities depository Euroclear Sweden AB (previously VPC AB) and this day must

not be before the date of registration of the bonus issue with Bolagsverket.

Supplementary documents – in connection with extraordinary shareholders' meeting

An annual report is not discussed at an extraordinary shareholders' meeting. To supply the shareholders with adequate supporting documentation for the decision at the extraordinary shareholders' meeting the following documents must be attached to the proposal:

- the latest annual report with the adopted balance sheet and profit and loss statement
- the auditors' report, when applicable
- a report from the board of directors of events occurred after the completion of the annual report, i.e. events of significant importance for the company. The report must be signed by at least half the board members.
- a statement from the company's auditor (if the company is to have an auditor) regarding the above report.

The proposal and the supplementary documents must be held available to the shareholders during at least two weeks immediately before the shareholders' meeting. To listed companies apply that these documents must be held available during at least three weeks before the shareholders' meeting.

Decision

A decision regarding bonus issue is



made by the shareholders' meeting. Normally the decision requires 'simple majority', i.e. more than half the shareholders present at the shareholders' meeting voted for the decision.

If the decision calls for a change of the articles of association, at least two-thirds of the shareholders present must have voted for the decision.

Contents of the decision

The decision must contain the details of the proposal. Under the heading Proposal you may read more about what the proposal and the decision must contain.

Application

You report the bonus issue for registra-

tion on form no. 823 – Fondemission – aktiebolag (in Swedish) available on our website. The application for registration must be made as quickly as possible after the decision has been made.

When applying for registration of a bonus issue you must pay a fee to Bolagsverket. On our website you will find the current fees.

On the website you will also find an example (in Swedish) of minutes from an extraordinary shareholders' meeting regarding decision on:

- a bonus issue
- a bonus issue and the adoption of new articles of association

Attachments

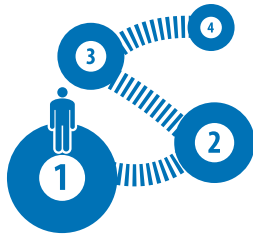
- A certified copy of the minutes from the shareholders' meeting.
- A certified copy of the most recent adopted balance sheet.

Attachments, when applicable

- The new articles of association – if adopted in connection with the decision of a bonus issue.
- Details regarding changes of the restricted equity and regarding value transfers – if any – that have taken place after the latest adopted annual report.

New share issue

When a limited company issues new shares against payment, this is referred to as 'New share issue'.



How to do a new issue of shares?

1. Write a proposal

The board of directors writes a proposal regarding a new share issue which will be the documentation before the shareholders' meeting.

2. Make the decision

The shareholders' meeting or the board of directors decides on a new share issue.

3. Subscribe for the shares

Persons/entities who are entitled to and want to buy shares must sign up on a subscription list.

4. Pay the shares

Persons/entities who subscribe for shares pay for them in cash, assets (assets contributed in kind) or by setting off claims against the company.

5. Report for registration with Bolagsverket

When the new shares have been subscribed and paid for, the new share issue must be reported to Bolagsverket for registration.

Proposal

The board of directors or somebody else, for example a shareholder, writes a proposal for decision of a new share issue. The proposal must be presented before the shareholders' meeting.

The contents of the proposal

- The amount by which the share capital is to be increased. It may be stated in three different ways: As a specified amount, a maximum amount or a range of the minimum and the maximum amount.
- The number of shares to be issued. It may be a specified number, a maximum number or a range of the minimum and maximum number of shares.
- The amount to be paid for each new share (the subscription price).
- When the subscription for shares must take place.
- Who has the right to subscribe for the shares.
- How the board of directors is to allot shares that are not subscribed for through preferential right (refers to new share issue with pre-emption rights).
- When the shares should be paid for.
- From which point of time (financial year) the new shares should give the right to dividend.

If any of the above items are relevant, the following must also be included

- That the shares are to be paid through contribution in kind or set-off.
- That there are shares of different classes (for example A and B shares).

- If the new shares are to fall under a clause in the articles of association or not. This might for example be pre-emption clause, consent clause, right of first refusal clause, conversion of shares to another class or redemption of shares.
- The date to be the record day. This refers to CSD companies and if the shareholders are to have the right to participate in the new issue. The record day may not be earlier than one week from the date of the decision.
- That an authorization has been granted the board of directors – or the party appointed by the board – to decide on the amount and subscription price. This authorization may only be granted if the shares are to be listed on a Swedish or foreign stock exchange, an authorized marketplace or any other organized market.
- That coupons belonging to the shares must be used as issue certificates.
- That excess subscription rights must be sold through the company.

Supplementary documents – at an extraordinary shareholders' meeting

The annual report is not dealt with at an extraordinary shareholders' meeting. However, to provide the shareholders with a good basis before the decision, the following documents must be attached to the proposal:

- The latest annual report with the adopted balance sheet and the profit and loss account
- The auditor's report, when applicable
- A report from the board of directors

on events which have occurred after the preparation of the annual report and have been of significant importance for the company. The report must be signed by at least half the board members.

- A statement from the company's auditor (if the company is to have an auditor) on the report from the board of directors.

The proposal must be ready at least two weeks before the shareholders' meeting

The board's proposal for a decision on a new issue must be held available to the shareholders at least two weeks before the shareholders' meeting. For listed companies apply that the documents must be available during at least three weeks before the shareholders' meeting. This also applies to the supplementary documents needed as well as a possible statement regarding contribution in kind or set-off.

If the proposal implies that the current shareholders do not have the right to subscribe for shares in a new issue to be paid with money or through set-off, the reasons for this as well as the basis for the subscription price must be included in the proposal or in a document attached to it.

A report is required for a proposal of contribution in kind or set-off

If the proposal for a new issue implies that the shares should be paid for by contribution in kind or through set-off of a claim, the board of directors must write a report about this. The report from the board of directors must be

examined by an authorized or approved auditor. A statement by an auditor of the examination must always be prepared, signed and attached to the proposal, also in those cases when the company does not have an auditor for the continuous audit.

Companies with appointed auditors have a possibility of appointing another authorized or approved auditor at the shareholders' meeting to carry out the examination. The condition is that the articles of association do not prescribe otherwise.

If the company is not to have an auditor and has not appointed one, Bolagsverket is of the opinion that the authorized or approved auditor carrying out the examination need not be appointed by a shareholders' meeting.

Contribution in kind

The report from the board of directors of the contribution in kind must contain details regarding

- how the value of the contribution in kind has been determined and what legal and economic points of view have been considered at the evaluation
- name, personal identity number or registration number as well as municipality of registration in the population register of the person/party supplying the contribution in kind
- the value that the contribution in kind is estimated to be entered at in the balance sheet
- information important to know when the value of the contribution in kind is to be estimated

- the number of shares in the company or other compensation to be allotted for the contribution in kind.

At least half the board of directors must sign the report.

The auditor must give his/her statement

An authorized or approved auditor must give his/her statement on the report. The statement must contain information on

- the type of the assets contributed in kind, for example a lorry
- that the assets contributed in kind has been entered at the actual value for the company
- that the assets contributed in kind is or will be of use to the company
- what method has been used for the evaluation
- difficulties, if any, when estimating the value of the assets contributed in kind.

Set-off

The board of directors must write a report. The board's report of the set-off must contain information on:

- who the creditors are
- the amount of the claim
- how much of the claim may be set-off

At least half the board must sign the report. An authorized or approved auditor must give his/her statement of the report.

Example of the statement from the auditor regarding set-off

As authorized/approved auditor I have taken notice of the report prepared by the board of directors regarding set-off. I have no objection to the report.

Decision

Before a company may carry through a new issue of shares, the company must decide about this. The decision on the new issue may be decided by

- the shareholders' meeting or
- the board of directors, after authorization in advance of the shareholders' meeting or
- the board of directors, with the approval of the shareholders' meeting afterwards.

To be able to decide on a new issue, the shareholders' meeting must have received documentation as a draft decision to consider.

Decision by the shareholders' meeting

The shareholders' meeting always has the right to decide on a new issue. For the shareholders' meeting to be able to decide on a new issue it is sufficient with a simple majority, i.e. that more than half the shareholders present at the meeting has voted for it.

If the decision on a new issue requires a change of the articles of association, or if the shareholders' meeting has decided not to grant the shareholders the right to subscribe for shares, the decision is only valid if at least two-thirds of the shareholders at the meeting voted for it.

Decision by the board – after authorization

The shareholders' meeting may grant the board permission (authorization) to decide on a new issue provided that the new issue can be made without changing the articles of association.

A proposal must be presented to the shareholders' meeting

If the shareholders' meeting is to decide on an authorization, the board of directors must in advance write a proposal about this. The proposal for authorization must be available to the shareholders at least two weeks before the shareholders' meeting. To listed companies apply that these documents must be available during at least three weeks before the shareholders' meeting.

The contents of the decision on authorization

The decision must state that the shareholders' meeting gives the board of directors the authorization to decide on a new issue. The decision must also state the time during which the authorization may be used. The maximum period of validity of the authorization may be until the next annual general meeting.

In the authorization it must specifically be stated if

- the current shareholders shall not be allowed to subscribe for shares
- payment of the shares may take place by contribution in kind or by set-off
- other conditions may apply to the new issue, for example that the new issue may only take place up to a certain amount

Register the authorization before the decision!

The authorization to the board of directors, granted by the shareholders' meeting, must be registered with

Bolagsverket before the board may use it and make any decision whatsoever on a new issue. Therefore, the board of directors is not allowed to make any decision on a new issue before the authorization has been registered.

Decision by the board of directors after the authorization

When the authorization has been registered, the board of directors may make a decision on a new issue. The requirement is that the decision does not exceed the limits in the articles of association. For example the board of directors cannot decide on a new issue to such a large amount that the limits of the share capital in the articles of association are exceeded.

More than half the total number of board members must be present in order for the board to be able to decide on a new issue. For the decision to be valid applies that more than half of those present votes in favour of it.





Decision by the board of directors – with the approval of the shareholders’ meeting afterwards

The board of directors also has the possibility of deciding on a new issue on the condition that the shareholders’ meeting approves of the decision afterwards.

More than half the total number of board members must be present in order for the board to be able to decide on a new issue. For the decision to be valid applies that more than half of those present votes in favour of it.

The contents of the decision

The following details must be included in the decision

- The amount by which the share capital is to be increased. This may be stated in three different ways: as a specific amount, a maximum amount or a range between a minimum and a maximum amount.
- The number of shares to be issued. This may be a specific number of shares, a maximum number or a range between a minimum and a maximum

number of shares.

- The amount to be paid for each new share (the subscription price).
- When the subscription for the shares must take place.
- Who has the right to subscribe for the shares.
- How the board of directors is to distribute the shares which are not subscribed for through a preferential right (applies to new issues in connection with pre-emption rights).
- When the shares must be paid for.
- From which point of time (the financial year) the new shares shall entitle to a dividend.

If any of the above items are relevant the below details must also be stated

- That the shares are to be paid for by contribution in kind or set-off.
- That there are shares of different classes (for example A and B shares).
- If the clauses of the articles of association shall apply to the new shares or not. This might for example be clauses regarding pre-emption, consent, right of first refusal, conversion of shares to another class or redemption of shares.

- The date of the record day. This applies if the company is a CSD company and the shareholders shall have the right to take part in the new issue. The record day may not be set earlier than one week from the date of the decision.
- That authorization has been granted to the board of directors – or the person/party appointed by the board – to decide on amount and subscription price. This authorization may only be granted if the shares are to be listed on a Swedish or foreign stock exchange, an authorized market place or any other organized market.
- That coupons belonging to the share certificates must be used as issue certificates.
- That surplus subscription rights must be sold through the company.

Inform the shareholders

If the current shareholders are to have the right to subscribe for the new shares, the decision on the new issue must immediately be forwarded to all the shareholders. If all the shareholders were present at the shareholders’

meeting, during which the decision was made, or if the company is a CSD company, no information need be sent to the shareholders.

Subscribe for the shares

You subscribe for the shares by signing the subscription list and stating the number of shares you want to subscribe for. The subscription list must contain the decision on the new issue.

The following documents must be attached to the subscription list

- documents on which the decision on the shareholders' meeting has been based, for example a report from the board of directors and a statement by the auditor regarding the set-off of a claim;
- a copy of the articles of association.

If all the parties entitled to subscribe for shares are present at the meeting, at which the new issue decision was taken, the subscription for the shares may be made directly in the minutes from the meeting.

The board of directors decides on allotment of shares

When the subscription for shares is ready, the board of directors decides on the number of shares to be allotted to each share subscriber. The shares must immediately be entered into the share register, as this action results in voting right although the shares have not yet been paid for and registered.

Pay for the shares

The new shares are paid for

- in cash
- by way of assets (contribution in kind) or

- by way of set-off

Money (cash issue)

If you pay for the shares with money, the amount must be placed in a special account which the company has opened for the new issue. This may be in a bank, a credit market enterprise or an equivalent foreign credit institute within the EEA.

Assets (contribution in kind)

If you pay for the shares by way of contribution in kind, the board of directors has written a report in this respect. The report has been presented to the shareholders' meeting, and an authorized or approved auditor has also given a statement on the report of the board.

After the decision on a new issue an authorized or approved auditor must write a new statement regarding the payment.

From the statement the following must appear

- type of asset, for example a lorry
- that all assets have been transferred to the company
- that the assets are or may be of use to the company
- that the assets have been entered at the real value to the company
- the method for evaluation of the assets
- difficulties, if any, in evaluating the contribution in kind

Set-off (set-off issue)

If you pay for the shares through setting off a claim towards the company, this must be defined clearly in the decision of the shareholders' meeting regarding the new issue. In these cases

the board of directors has written a report in this respect which has been presented to the shareholders' meeting. An authorized or approved auditor has also given his statement on the report of the board.

In public limited companies the board of directors may also – afterwards – allow set-off of debts due to subscription for shares. For this set-off to be allowed the board of directors must have ascertained

- that it is not a breach of the new issue decision and
- that it is appropriate and
- that the set-off may take place without damage for the company or its creditors.

Premium

The payment for the shares may not be lower than the quotient value of the previously registered shares. The quotient value is calculated by dividing the share capital by the number of shares.

However, the payment may exceed the quotient value of the previous shares. The amount exceeding the quotient value is referred to as premium. The number of shares issued in the new issue multiplied by the quotient value equals the amount by which the share capital is increased. The exceeding amount, the premium, must be entered to the share premium reserve in the company's balance sheet.

Report to Bolagsverket for registration

When the new shares are subscribed for and paid for, the new issue must be reported to Bolagsverket for regis-

tration. You may use form no. 822 Nyemission – aktiebolag, and attachments.

The application for registration must be filed with Bolagsverket within six months from the date of decision of the new issue by the shareholders' meeting or the board of directors. If, however, the board of directors made the decision under the presumption of the approval by the shareholders' meeting after the event, the application for registration may take place within a year from the date of the decision of the board.

The application must contain

- the registration number of the company
- the total number of shares subscribed for and allotted as well as the amount by which the share capital will be increased
- the amount to be paid in cash, by way of contribution in kind or through set-off
- the signature of a board member or the managing director

If a public limited company or a subsidiary of a public limited company has decided on a directed new issue to a certain circle (e.g. spouse, individuals in leading positions or employees), the application for registration must contain a solemn declaration that the provisions of the Companies Act have been observed.

Attachments to the application

The reports and statements mentioned here must be signed by an authorized or approved auditor.

Companies with their own auditor have a possibility – on a shareholders' meeting – to appoint another authorized or approved auditor to perform the examination unless the articles of association stipulate otherwise.

If the company is not to have an auditor – and has not appointed one – Bolagsverket considers that the authorized or approved auditor carrying out the examination need not be appointed by a shareholders' meeting.

Attachments to be enclosed to the application when paying in cash

- a certified copy of the minutes including the new issue decision
- certified copies of the subscription lists on which the subscription took place
- a bank certificate (in the original). The bank certificate shall state the amount paid for the shares, including the premium, if any. It may not be issued before the new issue decision; or
- an audit certificate with an auditor's signature (in the original) from an authorized or approved auditor regarding the payment. The possibility of a certificate with an auditor's signature only refers to public limited companies.

Attachments to be enclosed to the application when paying through set-off

- a certified copy of the minutes including the new issue decision
- certified copies of the subscription lists on which the subscription took place
- a certified copy of the report regard-

ing the provisions on set-off, signed by at least half the board of directors. In connection with set-off the report of the board must contain information regarding who the creditors are, the amount of the claim, the size of the claim to be set-off;

- a certified copy of a statement from an authorized or approved auditor on the board's report (even though the company shall not have an auditor).

Attachments to be enclosed to the application when paying by way of contribution in kind

- a certified copy of the minutes including the new issue decision
- certified copies of the subscription lists on which the subscription took place
- a certified copy of a report of the provision on contribution in kind, signed by at least half the board.

In connection with contribution in kind the board's report must contain details regarding

- circumstances that may be of importance when estimating the value of the contributed property
- the value at which the contributed property is estimated to be entered in the balance sheet
- the number of shares to be allotted for the property
- who contributes the property
- a certified copy of a statement from an authorized or approved auditor on the board's report (even though the company shall not have an auditor)
- a statement (in the original) from an authorized or approved auditor (even though the company shall not have an auditor) from which the fol-

lowing must appear:

- type of property, for example a car
- that all the property has been transferred to the company
- that the property is or may be of use to the company
- that the property has been entered at the real value to the company
- what method was used to evaluate the property
- difficulties, if any, to evaluate the property contributed in kind.

Attachments to be enclosed to the application, when applicable

- issue prospectus. Refers to public limited companies, in certain cases.
- the new articles of association, if new have been adopted
- a certified copy of an agreement regarding set-off
- a certified copy of an agreement regarding the contribution in kind.

Application for partial registration

If application for registration of payment for a part of the issue has taken place previously, the later application for registration of the issue need only contain details regarding

- the issue decision upon which the application is based
- the number of shares subscribed for, allotted and paid for, summarized in the application.

Attachments to be enclosed to the application for partial registration

- certified copies of the subscription lists on which the subscription took place
- bank certificate or equivalent from a credit institute within the EEA

- a statement from an auditor regarding the property to be contributed in kind or
- a statement from an auditor pursuant to the Companies Act. The latter only applies to public limited companies.



File the annual report

A limited company must for each financial year file its annual report with Bolagsverket. This applies irrespective of whether the company has been carrying on business or has been dormant. You may file the annual report through our e-service Lämna årsredovisning or by regular mail.



How to do

1. The company prepares an annual report not later than five months after the end of the financial year.
2. The company holds the annual general meeting, i.e. the regular shareholders' meeting, within six months after the end of the financial year. The balance sheet and the profit and loss statement are adopted and the meeting decides on how to appropriate the profit and loss.
3. The company sends the annual report to Bolagsverket not later than a month after the adoption of the profit and loss statement and the balance sheet on the shareholders' meeting. The documents must be filed with Bolagsverket within seven months after the end of the financial year – otherwise the company must pay a late filing penalty. Read more about this under the heading Late filing penalties.
4. If the annual report has not been filed with Bolagsverket within eleven months after the end of the financial year, Bolagsverket may – after a special injunctive order – decide on liquidation of the company. This is referred to as compulsory liquidation.

File the annual report through the service Lämna årsredovisning

You may file the annual report with Bolagsverket through our e-service Lämna årsredovisning. Automatic

controls in the service ensure that you avoid the most common mistakes, and the risk of late filing penalties is reduced. You will also receive a receipt as soon as the documents are received at Bolagsverket. Read more about the e-service on www.bolagsverket.se.

The following must be submitted to Bolagsverket

- The annual report which must consist of a balance sheet, a profit and loss statement, notes and the directors' report and in larger companies also a cash flow analysis,
- the auditor's report, when applicable,
- the minutes from the shareholders' meeting if the meeting has decided on profit distribution,
- the consolidated accounts and the group audit for most parent companies, if the company is part of a group.

If you send the annual report by mail, write business name and registration number of the company on all documents, preferably on each page.

Signatures

A certified copy of the annual report must be signed by the managing director and all the board members. A board member may not refuse to sign. If he/she thinks that the annual report is incorrect, he/she must sign anyway, but make a note of his/her dissenting opinion as an attachment.

Certificate of adoption (fastställelseintyg)

A board member or the managing director must state – on a certified

copy of the annual report – that the profit and loss statement and the balance sheet have been adopted at the annual general meeting (a so-called certificate of adoption (fastställelseintyg)). The date of the meeting must be stated. The signature in the certificate must be in the original.

If the annual report is filed through our e-service you sign by electronic signature. On our website you will find an example on how to draw up the certificate of adoption (in Swedish).

Late filing penalties

To avoid late filing penalties the documents must be complete and correct and filed with (not submitted to) Bolagsverket within seven months after the end of the financial year.

- Already after one day of delay the company must pay a fee of 5 000 kronor.
- A delay of more than two months costs the company another 5 000 kronor.
- A delay of more than four months will cost the company another 10 000 kronor. The total sum for a delay of four months: 20 000 kronor.

For public limited companies the fees are double. A delay of more than four months will cost these companies 40 000 kronor.

Interim report

Large companies, which are obliged to have an authorized auditor or an approved public accountant who has passed the examination of professional competence as 'godkänd revisör', must file interim reports. The report must cover the company's business activities from the beginning of the financial year. The reporting period must cover at least half and maximum two-thirds of the financial year. You must file the interim report not later than two months after the end of the reporting period.

In 2007 Riksdagen, the Swedish Parliament, decided on simpler accounting regulations for companies. Among other things these regulations mean that fewer companies need to submit interim reports. More information is available on www.bolagsverket.se.



References

Some of the most important provisions within this area are

- The Companies Act (2005:551)
- The Act (2005:552) on Introduction of the Companies Act (2005:551)
- The Companies Ordinance (2005:559)
- The Trade Names Act (1974:156)
- The Trading Prohibition Act (1986:436)
- The Act on Prohibition of Professional Counselling in Certain Cases, etc. (1985:354)
- The Auditors Act (2001:883)
- The Act on Certain Directed Shares Issues in Share Market Companies, etc. (1987:464)
- The Accounting Act (1999:1078)
- The Annual Accounts Act (1995:1554)
- The Coupon Tax Act (1970:624)

Facts on enterprises. Directly from the source.



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Overall presentation of information, tools and e-services from authorities for those who are running a business or considering starting up a new enterprise.

Företagsärenden för ombud

Agents may form shelf companies, transform these into private limited companies, as well as handle the deposit account with Bolagsverket (in Swedish only).

Företagsinteckning

Banks and other credit institutes apply for, convert and transfer corporate mortgage deeds (in Swedish only).

Lämna årsredovisning

Submit your annual report, the auditor's report and the certificate of adoption (in Swedish only).

Söka ett ärende eller se om en årsredovisning kommit in

Search for information on or pay for registration matters with Bolagsverket. As for limited companies you will also find information about when the latest annual report or the interim report was filed with Bolagsverket and if it has been approved of (in Swedish only).

Minameddelanden.se

Set up an account and receive information directly by e-mail or text message when a change or the annual report for your company is filed with Bolagsverket and if it has been approved of (in Swedish only).

Search information

Sök företagsfakta

Search for and order facts on more than one million Swedish enterprises and 20 million European enterprises.

Näringslivsregistret

Search for facts on Swedish enterprises and download annual reports, certificates of registration etc. (in Swedish only).

Post- och Inrikes Tidningar

Search for, read and register announcements (in Swedish only).

European Business Register

Search for business information on more than 20 million business enterprises in more than 20 European countries.

Statistik om företag och föreningar

Search for statistics on enterprises and associations in Sweden; choose geographical areas and periods of time (in Swedish only).

Order information

Beställ information om företag eller föreningar

Order information from the Trade and Industry Register (Näringslivsregistret) (in Swedish only).

Beställ prenumeration

Subscribe to information regarding new registrations of enterprises; keep track of changes in enterprises, etc. (in Swedish only).

Beställ produkter

Order certificates of registration, annual reports, articles of association, etc.

Beställ gravationsbevis

Order a certificate showing the corporate mortgages registered for a certain enterprise (in Swedish only).

 **Bolagsverket**
Swedish Companies Registration Office

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