
IFRS[®] Interpretations Committee meeting

Date	June 2026
Project	Control Assessment for a Single-investor Fund (IFRS 10)
Topic	Ongoing consideration
Contacts	Vikash Kalidas (vkalidas@ifrs.org)

This paper has been prepared for discussion at a public meeting of the IFRS[®] Interpretations Committee (Committee). This paper does not represent the views of the International Accounting Standards Board (IASB), the committee or any individual member of the IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*. The Committee's technical decisions are made in public and are reported in IFRIC[®] *Update*.

Introduction

1. At its [March 2026](#) meeting the IFRS Interpretations Committee (Committee) discussed a submission about how an entity—that is the only investor in a fund other than the fund manager—assesses whether it controls the fund when the fund manager is an agent and does not control the fund.
2. At the March 2026 meeting, the Committee asked us to:
 - (a) reconfirm the prevalence of the fact pattern described in the submission; and
 - (b) subject to our findings in (a) above and considering suggestions from Committee members about the wording in the suggested tentative agenda decision discussed in March 2026, update the wording of any draft tentative agenda decision.
3. The objective of this paper is:
 - (a) to provide the Committee with a summary of feedback from additional outreach; and

-
- (b) to ask the Committee whether it agrees with our conclusion that a standard-setting project is not needed to address the question and with our recommendation to publish a tentative agenda decision.
4. This paper is structured as follows:
- (a) [Summary of submission](#) (paragraphs 5–7);
 - (b) [Additional outreach](#) (paragraphs 8–14);
 - (c) [Updated analysis and recommendation](#) (paragraphs 15–24);
 - (d) [Appendix A](#)—Tentative agenda decision; and
 - (e) [Appendix B](#)—Extracts of Agenda Paper 10 of the Committee’s March 2026 meeting.

Summary of submission

5. Paragraphs 5–8 of [Agenda Paper 10](#) of the Committee’s March 2026 meeting (March agenda paper), summarise the fact pattern. Those paragraphs state:
- 5. The submission describes a situation in which an entity is the only investor in a fund other than the fund manager.
 - 6. The fund manager:
 - (a) has determined the fund’s purpose and design, which is to provide investment opportunities to a number of institutional investors.
 - (b) has extensive decision-making authority to direct the relevant activities of the fund. The fund manager has the unilateral ability to direct all relevant activities of the fund, including investment decisions, selection and disposal of portfolio companies, appointment of key personnel, contracting, borrowing and policy setting.

(c) receives a market-based fee for its services, commensurate with the services provided.

(d) has a 0.01% investment in the fund.

(e) is an agent, as described in IFRS 10 *Consolidated Financial Statements*—although the fund manager has extensive decision-making authority and is exposed to variability of returns from its investment and remuneration, the fund manager's exposure indicates that the fund manager is an agent and does not control the fund.

7. The investor:

(a) has a 99.99% investment in the fund. Although [the fund is] open to other institutional investors, the investor is the only investor who subscribed to the fund.

(b) was not involved in determining the fund's purpose and design.

(c) holds only protective rights, as described in IFRS 10.¹ For example, the investor has the ability to remove or replace the fund manager *only* for cause, such as breach of contract, wilful misconduct or gross negligence.

8. The fund has a contractually fixed term, during which the investor cannot withdraw its investment from the fund.

6. As paragraph 10 of the [March agenda paper](#) states:

10. We understand from discussions with the submitter that the question is about the investor's—and not the fund manager's—assessment of control. ...the submitter asks whether, in applying IFRS 10, the investor—being the only investor in the fund other than the fund manager—is *automatically* deemed to have

¹ Paragraphs B26–B28 of IFRS 10 explain and provide examples of protective rights.

delegated decision-making authority to the fund manager if the fund manager is an agent—that is, whether the investor automatically treats the fund manager’s decision-making rights as its rights and, thus, controls the fund.

7. Appendix C to the [March agenda paper](#) reproduces the submission, which provides further details about the fact pattern and the alternative views identified by the submitter.

Additional outreach

Background

8. When assessing the need for a standard-setting project, paragraph 5.19(a) of the IFRS Foundation’s [Due Process Handbook](#) (Handbook) requires the Committee to consider whether the matter has widespread effect.²
9. To help the Committee assess whether the matter has widespread effect, we had previously sent an information request to members of the International Forum of Accounting Standard Setters, securities regulators and large accounting firms. We had also made the submission available on our website. Appendix B to the [March agenda paper](#) includes the questions we had asked and summarised the responses. As that appendix notes, we had received 21 responses. Many respondents said the fact pattern was (a) not common; or (b) existed but was not widespread and/or arose only occasionally. However, many other respondents said fact patterns such as the one described in the submission were common.
10. Paragraphs 16–18 of the [March agenda paper](#) include our assessment of whether the criteria in paragraph 5.19(a) of the [Handbook](#)—then paragraph 5.16(a) of the

² The IFRS Foundation published an updated version of the [Handbook](#) in April 2026. The criteria in 5.19(a) of the [Handbook](#) has been carried forward from the criteria in paragraph 5.16(a) of the Handbook with some clarifications and changes to the wording. The [March agenda paper](#) makes reference to paragraph 5.16(a) of the Handbook.

Handbook—is met. As paragraph 17 of the [March agenda paper](#) notes, it was not always clear from the replies of respondents who said the fact pattern is common whether they are referring to the prevalence of fixed-term, single-investor funds of the type described in the submission. Nonetheless, based on the responses to the information request, we concluded the criteria was met.

11. The Committee, at its March meeting, discussed our assessment of the criteria and, given the lack of clarity from some respondents (see paragraph 10 above) asked us to reconfirm the results of the outreach with respondents who said the fact pattern was common.

Findings from additional outreach

12. We contacted respondents who had previously said the fact pattern was common and asked those respondents to confirm whether the specific fact pattern (as summarised in paragraph 5 of this paper) is common.
13. We received twelve responses (five accounting firms, five national standard-setters and two preparers). In responding:
 - (a) many said the specific fact pattern (as summarised in paragraph 5) was not common. One national-standard setter who said the fact pattern is not common said investors in such situations typically have substantive kick-out rights.
 - (b) many said the specific fact pattern is common or is observed in practice. One national-standard setter who said the fact pattern is common said it is common in specialised restricted alternative-investment funds (investing in, for example, private equity, real estate and infrastructure projects).
 - (c) One accounting firm said, of the seven jurisdictions they consulted, two said the fact pattern is somewhat common and five said it is rare.
14. Most respondents confirmed that an investor—who is the only investor in a fund of the type described in the submission—sometimes consolidates that fund and sometimes does not. However, responses were mixed on whether such differences in

consolidation outcomes are due to differing facts and circumstances or due to differences in understanding and applying the requirements in IFRS 10. For example:

- (a) one national standard-setter said ‘diversity does not usually arise of application of IFRS 10 itself, but from judgmental differences in applying it to very similar fund structures’ and that ‘there is also diversity in how much weight is placed on who designed the fund and whether the fund was economically tailored to a specific investor’; and
- (b) one accounting firm said, ‘the root cause [of differences] is a lack of clarity in IFRS 10 about how an investor analyses decision-making rights held by an agent when assessing whether it has power over an investee....’

Updated analysis

15. Paragraph 5.19 of the *Handbook* states that the Committee assesses the need for a standard-setting project based on whether:
- (a) the matter has widespread effect—that is:
 - (i) the circumstance or transaction is prevalent, or is expected to be prevalent; and
 - (ii) there is diversity, or expected diversity, in the application of IFRS Accounting Standards that has, or is expected to have, a material effect on those affected;
 - (b) it is necessary to add or change requirements in IFRS Accounting Standards to improve financial reporting—that is, the principles and requirements in IFRS Accounting Standards do not provide an adequate basis for an entity to determine the required accounting;
 - (c) the matter can be resolved efficiently within the confines of the existing Standards and the *Conceptual Framework for Financial Reporting*; and
 - (d) the matter is sufficiently narrow in scope that the International Accounting Standards Board (IASB) or the Committee can address it efficiently, but not so

narrow that it is not cost-effective for the IASB or the Committee and stakeholders to undertake the due process required to amend an IFRS Accounting Standard.

Assessment of paragraph 5.19(a)

16. The first criterion in paragraph 5.19—included in sub-paragraph (a)—is that ‘the matter set out in the submission has widespread effect—that is: (i) the circumstance or transaction is prevalent, or is expected to be prevalent; and (ii) there is diversity, or expected diversity, in the application of IFRS Accounting Standards that has, or is expected to have, a material effect on those affected.’
17. Findings from additional outreach confirm that:
 - (a) fact patterns of the type described in the submission do occur;
 - (b) similar to the two views described in the submission—there are differences in how entities read the applicable requirements when considering whether delegated decision-making rights should automatically be treated as rights held by the single investor when the fund manager is deemed to be an agent; and
 - (c) these differences could have a material effect on those affected.
18. Therefore, we continue to think the criterion in paragraph 5.19(a) of the [Handbook](#) is met.

Assessment of paragraph 5.19(b)

19. The second criterion in paragraph 5.19—included in sub-paragraph (b) of the [Handbook](#) requires the Committee to assess whether it is necessary to add or change requirements in IFRS Accounting Standards to improve financial reporting—that is, whether the principles and requirements in IFRS Accounting Standards do not provide an adequate basis for an entity to determine the required accounting.

-
20. Our analysis of the applicable requirements and the application of those requirements to the fact pattern described in the submission remains as set out in paragraphs 19–34 of [Agenda Paper 10](#) of the Committee’s March 2026 meeting. Appendix B reproduces those paragraphs for ease of reference.
 21. Based on our analysis, we continue to think the principles and requirements in IFRS 10 provide an adequate basis for the investor described in the submission to assess whether it is *automatically* deemed to have delegated decision-making authority to the fund manager if the fund manager is an agent—that is, whether the investor automatically treats the fund manager’s decision-making rights as its rights and, thus, controls the fund.
 22. Accordingly, we conclude that the criterion included in paragraph 5.19(b) of the [Handbook](#) is not met. Therefore, in accordance with paragraph 5.22 of the [Handbook](#), a standard-setting project is not needed to address the question submitted.

Conclusion and staff recommendation

23. Based on our assessment of the criteria in paragraph 5.19 of the [Handbook](#) summarised in paragraph 18 and 22, we recommend the Committee publishes a tentative agenda decision, in accordance with paragraph 8.2 of the [Handbook](#), that explains how, in applying IFRS 10, the investor—being the only investor in the fund other than the fund manager—assesses whether it is automatically deemed to have delegated decision-making authority to the fund manager if the fund manager is an agent.
24. Appendix A to this paper sets out suggested wording for the tentative agenda decision. We have updated the tentative agenda decision suggested in the [March agenda paper](#) to reflect comments and suggestions made by Committee members at the March 2026 meeting. In our view, the suggested tentative agenda decision

(including the explanatory material contained within it) would not add or change requirements in IFRS Accounting Standards.³

Questions for the Committee

1. Does the Committee agree with our conclusion in paragraph 18 that the criterion in paragraph 5.19(a) of the [Handbook](#) is met?
2. Does the Committee agree with our conclusion in paragraph 21 that the criterion in paragraph 5.19(b) of the [Handbook](#) is not met and, consequently, there is no need for a standard-setting project?
3. Does the committee have any comments on the wording of the tentative agenda decision suggested in Appendix A?

³ Paragraph 8.4 of the [Handbook](#): 'Agenda decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Accounting Standards. Instead, explanatory material explains how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in the agenda decision.'

Appendix A – Tentative agenda decision

Control Assessment for a Single-Investor Fund (IFRS 10 *Consolidated Financial Statements*)

The Committee received a request about how an entity—the only investor in a fund other than the fund manager—assesses whether it has delegated decision-making authority to the fund manager, if the fund manager is an agent and does not control the fund.

Fact pattern

The request describes a situation in which an entity (investor) is the only investor in a fund other than the fund manager.

The fund manager:

- a. determined the fund’s purpose and design, which is to provide investment opportunities to a number of institutional investors.
- b. has extensive decision-making authority to direct the relevant activities of the fund. The fund manager has the unilateral ability to direct all relevant activities of the fund, including investment decisions, selection and disposal of portfolio companies, appointment of key personnel, contracting, borrowing and policy setting.
- c. receives a market-based fee for its services, commensurate with the services provided.
- d. has a 0.01% investment in the fund.
- e. is an agent, as described in IFRS 10. Although the fund manager has extensive decision-making authority and is exposed to variability of returns from its investment and remuneration, the fund manager’s exposure indicates that the fund manager is an agent and does not control the fund.

The investor:

- a. has a 99.99% investment in the fund. Although the fund is open to other institutional investors, the investor is the only investor who subscribed to the fund.
- b. was not involved in determining the fund’s purpose and design.

- c. holds only protective rights, as described in IFRS 10. For example, the investor has the ability to remove or replace the fund manager only for cause, such as breach of contract, wilful misconduct or gross negligence.

The fund has a contractually fixed term, during which the investor cannot withdraw its investment from the fund.

Question

The request asks whether, in applying IFRS 10 to the fact pattern in the request, the investor is automatically deemed to have delegated its decision-making authority to the fund manager. In other words, whether the investor automatically treats the fund manager's decision-making rights as held by the investor directly because it is the only investor in the fund other than the fund manager and the fund manager is an agent.

Application of IFRS 10

In considering the requirements in paragraphs 2–18 of IFRS 10, as well as the related application guidance in Appendix B to IFRS 10, the Committee observed the following:

- a. Other than as specified in paragraphs 4-4B of IFRS 10, an entity (hereafter, investor) that controls other entities prepares consolidated financial statements. Control is the only basis for consolidation—an investor consolidates an investee only if it controls that investee.
- b. Assessing whether an investor controls an investee requires judgement, considering all facts and circumstances.
- c. To control an investee, an investor is required to have all three elements of control set out in paragraph 7 of IFRS 10—that is, (i) power over the investee, (ii) exposure (or rights) to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. Paragraphs 10–18 of IFRS 10 and the related paragraphs of Appendix B to IFRS 10 include requirements an investor applies in assessing whether it controls an investee.

- d. In assessing control in situations in which an entity has decision-making rights (as in the fact pattern in the request), paragraphs B58–B59 require:
- (i) the decision-maker to assess whether it is a principal or agent. If it is an agent, it does not control the investee. In the fact pattern described in the request, the decision-maker is the fund manager, and the facts assume the fund manager is an agent.
 - (ii) an investor to determine whether the decision-maker is acting as an agent for the investor. If an investor has delegated its decision-making authority on some specific issues or on all relevant activities to an agent, then the investor must treat the decision-making rights delegated to its agent as held by the investor directly. Therefore, in the fact pattern in the request, if the investor has delegated its decision-making authority on relevant activities to the fund manager, the investor would treat those decision-making rights of the fund manager as its own decision-making rights.

The Committee observed that concluding that an investor holds all the decision-making rights of a fund manager solely because—or automatically if—the fund manager is an agent could result in outcomes that are inconsistent with the control model in IFRS 10.

Consequently, the Committee concluded that being the only investor in the fund other than the fund manager does not, in isolation, mean that the investor is automatically deemed to have delegated its decision-making authority to the fund manager if the fund manager is an agent.

Conclusion

The Committee concluded that the principles and requirements in IFRS 10 provide an adequate basis for the investor—being the only investor in a fund other than the fund manager—to assess whether it is automatically deemed to have delegated its decision-making authority to the fund manager. Consequently, the Committee [decided] that a standard-setting project is not needed to address the request.

Appendix B – Extracts from Agenda Paper 10 of the Committee’s March 2026 meeting

B1. This appendix reproduces paragraphs 20–35 of the [March agenda paper](#).

19. Our analysis is structured as follows:

- (a) applicable requirements (paragraphs 21–24);
- (b) applying the applicable requirements to the fact pattern described in the submission (paragraphs 25–34); and
- (c) conclusion (paragraph 35).

Applicable requirements

21. IFRS 10 requires an entity that controls one or more other entities to present consolidated financial statements⁴, and establishes control as the basis for consolidation (paragraph 2 of IFRS 10).

22. Paragraph 7 of IFRS 10 states:

Thus, an investor controls an investee if and only if the investor has all the following:

- (a) power over the investee (see paragraphs 10–14);**
- (b) exposure, or rights, to variable returns from its involvement with the investee (see paragraphs 15 and 16); and**
- (c) the ability to use its power over the investee to affect the amount of the investor’s returns (see paragraphs 17 and 18).**

23. Paragraphs B58–B59 of Appendix B *Application Guidance to IFRS 10* state:

⁴ Paragraphs 4–4B of IFRS 10 includes some exceptions to the requirement to prepare consolidated financial statements.

Link between power and returns

Delegated power

B58 When an investor with decision-making rights (a decision maker) assesses whether it controls an investee, it shall determine whether it is a principal or an agent. An investor shall also determine whether another entity with decision-making rights is acting as an agent for the investor. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority (see paragraphs 17 and 18). Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal. A decision maker is not an agent simply because other parties can benefit from the decisions that it makes.

B59 An investor may delegate its decision-making authority to an agent on some specific issues or on all relevant activities. When assessing whether it controls an investee, the investor shall treat the decision-making rights delegated to its agent as held by the investor directly. In situations where there is more than one principal, each of the principals shall assess whether it has power over the investee by considering the requirements in paragraphs B5–B54. Paragraphs B60–B72 provide guidance on determining whether a decision maker is an agent or a principal.

24. Appendix D to [the March agenda paper] reproduces Application Example 14–14A in paragraph B72 of Appendix B to IFRS 10. This example discusses a fund manager's assessment of control for a fund that the submitter says is similar to the fund described in the submission.

Applying the applicable requirements to the fact pattern

25. The submitter has asked whether, applying IFRS 10, the investor controls the fund, solely on the basis that (a) it is the only investor in the fund other than the fund manager, and (b) the fund manager is an agent, as described by IFRS 10.

26. In considering the requirements in paragraphs 2–18 of IFRS 10, as well as the application guidance in paragraphs B58–B72, we reach the following conclusions:

(a) To control an investee, an investor must have all 3 elements of control set out in paragraph 7 of IFRS 10—that is, power over the investee, exposure (or rights) to variable returns and the ability to use its power to affect its returns. Control is the only basis for consolidation—an investor consolidates an investee only if it controls that investee.

(b) In assessing control in situations in which an entity has decision-making rights (as in the fact pattern in the submission), paragraphs B58–B59 require:

(i) the decision-maker to assess whether it is a principal or agent. If it is an agent, it does not control the investee. In the fact pattern in the submission, the decision-maker is the fund manager, and the facts assume the fund manager is an agent.

(ii) an investor to determine whether the decision-maker is acting as an agent for the investor. If an investor has delegated its decision-making authority to an agent, then it must treat the decision-making rights delegated to the agent as held by the investor directly. Therefore, in the fact pattern in the submission, if the investor has delegated its decision-making authority on all relevant activities to the fund manager, the investor would treat those decision-making rights of the fund manager as its own

decision-making rights. In that case, the investor would have power over the investee, exposure to variable returns and the ability to use that power to affect its returns. It would therefore control the investee.

27. Therefore, our analysis considers:

(a) whether the investor is automatically deemed to have delegated decision-making authority to the fund manager because it is the only investor in the fund other than the fund manager (paragraphs 28–32);

(b) if the investor is not automatically deemed to have delegated decision-making authority, how the investor would assess whether it controls the fund (paragraph 33); and

(c) other considerations (paragraph 34).

Is the investor automatically deemed to have delegated decision-making authority to the fund manager?

28. As noted above, paragraph B59 of IFRS 10 states that if an investor has delegated its decision-making authority to an agent on some specific issues or on all relevant activities, then the investor must treat the decision-making rights delegated to its agent as held by the investor directly.

29. In our view, to *delegate* decision-making authority, an investor must have had that decision-making authority and then delegated it to its agent. There are various ways an investor might have, and then delegate, decision-making authority to its agent—for example:

(a) by being involved in setting the purpose and design of an investee. If the investor is involved in the setting an investee's purpose and design, it may have had the opportunity and incentive to decide on the relevant activities of the investee and

who has rights to direct those relevant activities. In that case, it may have had the opportunity and incentive to delegate decision-making authority when the investee was established.

(b) by retaining substantive rights to unilaterally remove the decision maker without cause. As paragraph B65 of IFRS 10 and BC134 of the Basis for Conclusions on IFRS 10 note, if a single party holds a unilateral substantive right to remove the decision maker, the decision maker always acts as an agent of the party that holds the removal right.

30. With that said, we think being the only investor in a fund other than the fund manager who is an agent does not, in isolation, mean that the investor delegated decision-making authority to the fund manager, in particular when the investor (a) had no involvement in setting the purpose and design of the fund; and (b) has no ability to remove or replace the fund manager except for cause.

31. View 2 described in the submission (see paragraph 11 [of the March agenda paper]) says ‘the fund manager is considered an agent of the investor, and therefore the investor is automatically deemed to be the principal, having delegated authority to the fund manager. Applying paragraph B59 of IFRS 10, the decisions made by the fund manager over the relevant activities are treated as decisions made on behalf of the investor. As such, the investor would be automatically deemed to control the fund and be required to consolidate it.’

32. We think considering a single investor to hold all the decision-making rights of a fund manager solely because—or automatically when—the fund manager is an agent could result in outcomes that are inconsistent with the control model in IFRS 10. That model requires an investor to have all 3 elements of control set out in

paragraph 7 of the Standard to conclude that it controls an investee. Therefore, we disagree with view 2 as described in the submission.

If the investor is not automatically deemed to have delegated decision-making authority, how does the investor assess whether it controls the fund?

33. To assess whether it controls the fund, the investor would determine whether it has all 3 elements of control set out in paragraph 7 of IFRS 10. Paragraphs 10–18 of IFRS 10 and paragraphs B2–B72 of Appendix B to IFRS 10 include requirements the investor would apply in making this assessment. In doing so the investor would consider all facts and circumstances (paragraph 8 of IFRS 10).

Other considerations

34. We note:

(a) while not referred to in the submission, paragraph B59 of IFRS 10 states '...In situations where there is more than one principal, each principal assesses whether it has power over the investee by considering the requirements in paragraphs B5–B54 of IFRS 10.' Paragraph B59 does not explicitly state whether in situations in which there is only one principal, that principal must also apply paragraphs B5–B54 when assessing whether it has power over the investee. We think this could contribute to the differences in views noted in the submission. However, in our view this does not mean that in situations in which there is only one principal, that principal does not apply paragraphs B5–B54 of IFRS 10. Requiring a principal to not consider paragraphs B5–B54—and thus deeming that a principal always has power, regardless of its rights—would be an exception to the control assessment framework that, in our view, was not intended by the IASB.

Paragraph 7 of IFRS 10 states (emphasis added) ‘an investor controls an investee *if and only if* the investor has *all the following*: (a) power over the investee (see paragraphs 10-14);...’. Paragraph 10 of IFRS 10 states that ‘an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the investee’s returns.’

(b) paragraphs B60–B72 of IFRS 10 apply to a ‘decision maker’—the fund manager in the submission—and are not directly applicable to an investor that does not have decision making rights. Nonetheless, in assessing whether the investor has power (by applying paragraphs B5–B54), there might be some helpful factors in B60-B72 of IFRS 10 for the investor to consider. For example, if the investor holds unilateral rights to remove the fund manager, or the right to walk away from the fund by withdrawing its investment and thereby causing the fund to liquidate or close, then either of those rights is likely to give the investor power over the fund.

Conclusion

35. In our view, the principles and requirements in IFRS 10 provide an adequate basis for the investor described in the submission to assess whether it is *automatically* deemed to have delegated decision-making authority to the fund manager if the fund manager is an agent—that is, whether the investor automatically treats the fund manager’s decision-making rights as its rights and, thus, controls the fund....