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## IFRS<sup>®</sup> Interpretations Committee meeting

Date **March 2026**  
Project **Reassessment of Control (IFRS 10)**  
Topic **Initial consideration**  
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## Introduction

1. The IFRS Interpretations Committee (Committee) received a submission asking whether an entity reassesses whether it retains control of an investee when the investee's governing document is amended.
2. The objective of this paper is:
  - (a) to provide the Committee with a summary of the matter;
  - (b) to present our research and analysis; and
  - (c) to ask the Committee whether it agrees with our recommendation not to add a standard-setting project to the work plan.

## Structure of this paper

3. This paper includes:
  - (a) [background and summary of the submission](#) (paragraphs 5–10);
  - (b) [findings from information request](#) (paragraphs 11–17);
  - (c) [staff analysis](#) (paragraphs 18–21); and

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- (d) [staff recommendation](#) (paragraphs 22–23).
4. There are two appendices to this paper:
- (a) [Appendix A—Suggested wording for the tentative agenda decision](#); and
- (b) [Appendix B—Submission](#).

## Background and summary of the submission

5. The submission describes an entity that was involved in setting the purpose and design of an investee and, applying IFRS 10 *Consolidated Financial Statements* controls that investee. The submission asks whether the entity should reassess whether it retains control of the investee when the investee’s governing document is amended in a way that could result in a change to the investee’s relevant activities, as well as the rights of the entity and other parties relating to those relevant activities.
6. To illustrate, the submission describes a fact pattern in which an entity—together with other unrelated trustees—established a trust. The entity was involved in setting the trust’s purpose and design. At the time the trust was formed, the entity concluded—applying IFRS 10—that it controlled the trust.
7. At a later date, the trust deed is amended in a way that could result in a change in the trust’s relevant activities, as well as in the rights of the entity and the other unrelated trustees relating to those relevant activities.
8. Paragraph 8 of IFRS 10 requires an entity to ‘...reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control...’.
9. The submission asks whether—applying paragraph 8 of IFRS 10—the amendments to the trust deed require the entity to reassess whether it controls the trust.
10. [Appendix B](#) to this paper reproduces the submission, which provides further details about the fact pattern and the alternative views identified by the submitter.

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## Findings from information request

11. We sent an information request to members of the International Forum of Accounting Standard Setters, securities regulators and large accounting firms. We also made the submission available on our website.
12. The request asked the respondents to provide their input on the following questions:
  - (a) are fact patterns such as the one described in the submission (that is, an investee amending or replacing its governing document, such as a deed of trust or articles of association in a way that could change the relevant activities of the investee and/or the rights of investors) common;
  - (b) have you observed differences among entities with similar fact patterns in determining whether to reassess control when an investee's governing documents are amended; and
  - (c) if you have observed such differences:
    - (i) what is the root cause for those differences? For example, is any difference caused by the nature of the amendment to an investee's governing document, or by differences in interpreting the relevant requirements in IFRS Accounting Standards?
    - (ii) whether those differences are widespread? For example, are these differences present and similar across all jurisdictions and industries, or are they evident only in particular jurisdictions or industries? Please identify those jurisdictions or industries.
    - (iii) do these differences have (or could have) a material effect on the entities' financial statements.
13. We received 19 responses:
  - (a) nine from national accounting standard-setters;
  - (b) six from accounting firms;
  - (c) two from organisations representing groups of securities regulators;

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- (d) two from preparers of financial statements (including one from a member of the Committee representing a preparer).
14. The responses received represent informal opinions and do not necessarily reflect the official views of those respondents or their organisations.

***Are fact patterns such as the one described in the submission common?***

15. In response to this question:
- (a) eight respondents—five accounting standard-setters, two accounting firms and one preparer of financial statements—say fact patterns such as the one described in the submission are uncommon or arise only infrequently.
- (b) four respondents—two accounting firms and two organisations representing groups of securities regulators say they have seen the fact pattern arise in only one or two jurisdictions.
- (c) two respondents—national standard setters—reported mixed views from stakeholders in their jurisdiction on whether fact patterns such as the one described in the submission are common.
- (d) five respondents—two accounting firms, two national standard-setters and one preparer of financial statements say fact patterns such as the one described in the submission occur in practise or are common.

***Are there differences in determining whether to reassess control?***

16. All respondents, except one, noted in paragraphs 15(b)–15(d) of this paper (that is, all respondents other than the ones that reported the fact pattern as being uncommon or infrequent) say they have not observed any differences among entities with similar fact patterns in determining whether to reassess control when an investee’s governing documents are amended as described in the question (see paragraph 12(a) of this paper). These respondents say applying paragraph 8 of IFRS 10, an entity reassesses control of the investee in these situations. A few of these respondents say that while

the entity would—applying paragraph 8 of IFRS 10—reassess control, the entity’s conclusion of whether it controls the investee may or may not change based on this reassessment.

17. One respondent—a preparer of financial statements—says it has observed differences amongst entities with similar fact patterns in determining whether to reassess control. The respondent says the root cause of the observed differences is attributable to variations in the interpretation of the requirements in IFRS 10 and these differences can have a material effect on those affected.

## Staff analysis

### ***Should the Committee add this matter to its standard-setting agenda?***

*Does the matter have widespread effect and have, or is expected to have, a material effect on those affected?<sup>1</sup>*

18. Findings from our information request indicate that while not common across all jurisdictions, fact patterns similar to the one described in the submission do occur and are common in some jurisdictions. However, responses to our outreach request provide no evidence of diversity in determining whether to reassess control in those situations. As paragraph 16 of this paper notes, all respondents, except one, say they have not observed any differences among entities with similar fact patterns in determining whether to reassess control in the fact pattern described in the submission. These respondents say applying paragraph 8 of IFRS 10, an entity reassesses control of the investee in the fact pattern described in the submission.
19. Therefore, we have not obtained evidence that the matter has widespread effect. In particular, the application of the different views described in the submission to the fact pattern described in the submission is not widespread.

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<sup>1</sup> Paragraph 5.16(a) of the IFRS Foundation [Due Process Handbook](#).

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20. Consequently, we recommend that the Committee not add a standard-setting project to the work plan and instead publish a tentative agenda decision that explains its reasons for not adding a standard-setting project.
  21. Our recommendation is based on evidence we obtained to date from our information request. Should there be additional evidence which could lead to a different conclusion on whether the matter has widespread effect, stakeholders will have the opportunity to share this with the Committee by providing feedback to the tentative agenda decision.

### Staff recommendation

22. Based on our assessment of the criteria in paragraph 5.16 of the *Due Process Handbook* (as discussed in paragraphs 18–21 of this paper), we recommend not adding a standard-setting project to the work plan and instead publishing a tentative agenda decision that explains the Committee’s reasons for not adding a standard-setting project.
23. [Appendix A](#) to this paper suggests wording for the tentative agenda decision.

#### Questions for the Committee

1. Does the Committee agree with our recommendation not to add a standard-setting project to the work plan?
2. Does the Committee have any comments on the wording of the tentative agenda decision suggested in [Appendix A](#) to this paper?

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**Appendix A—Suggested wording for the tentative agenda decision****Reassessment of Control (IFRS 10 *Consolidated Financial Statements*)**

The Committee received a request asking whether an entity reassesses whether it retains control of an investee when the investee's governing document is amended.

**Fact pattern**

An entity was involved in setting the purpose and design of an investee when the investee was established. At that time, the entity concluded—applying IFRS 10—that it controlled the investee. At a later date, the governing document of the investee is amended in a way that could result in a change in the investee's relevant activities, as well as in the rights of the entity and other parties relating to those relevant activities.

The request asks whether—applying paragraph 8 of IFRS 10—the amendments to the investee's governing document require the entity to reassess whether it continues to control the investee.

**Findings**

Evidence gathered by the Committee [to date] indicated no diversity in determining whether, in the fact pattern described in the request, the entity reassesses whether it retains control of the investee. Feedback suggests that, in that fact pattern, the entity reassesses whether it retains control of the investee.

**Conclusion**

Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.

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## Appendix B—Submission

B1. We have reproduced the submission below.

Entity A is required to undertake specified Corporate Social Responsibility (CSR) initiatives, prescribed by the country's legislation in which Entity A operates. To comply with the country's legislation, Entity A along with the initial trustees established a Trust. To meet the necessary legislative requirements, any assets held within the Trust can only be utilised to pursue CSR initiatives as defined. The law states that specific beneficiaries need not be individually identified in the CSR initiatives, however any earnings retained and not distributed does vest in the defined type of beneficiary as described in the Trust Deed. In other words, the Trust assets are never returned to Entity A. This is evidenced in the legislation that requires that if the Trust were to be dissolved, the trustees would be required to transfer the Trust's assets to another qualifying CSR Trust.

In terms of the Trust Deed, the Trust subscribed for Entity A's shares at nominal value, as well as purchased Entity A's shares in the open market. The Trust secured financing from third-party funders to fund the acquisition of its investment in Entity A shares. In terms of the loan agreements, the dividend received on the Trust's investment in Entity A shares was utilised to service the interest on the loans. At the end of the financing period, a portion of the Trust's investment in Entity A shares were sold into the market, to settle its outstanding loans. The surplus shares (now unencumbered) held in Entity A was retained in the Trust.

Entity A and the initial trustees established the Trust for the purposes of holding Entity A shares, which provided Entity A with specific points that contribute to its overall CSR rating. Entities with strong CSR ratings gain preferential treatment in government tenders, public procurement and contracts with state-owned enterprises, as well as make the entity more attractive to clients and business partners who prioritize CSR initiatives.

At the inception of the Trust, Entity A was found to have control over the Trust, as the relevant activity of the Trust was to hold an investment in Entity A shares. Entity A obtained non-financial benefit in the form of CSR points attributable to the number of shares held by the Trust and had the practical ability to control these non-financial benefits, as the trustees were not permitted to sell its investment in Entity A's shares without permission from Entity A.

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When the outstanding loans were settled, the Trust began to accumulate cash from the dividends received on its investment in Entity A shares. With the surplus cash, the Trust was able to procure other investments, thereby diversifying its portfolio of investments. At this point the Trust Deed was superseded by a new Trust Deed, in terms of which, the purpose of the Trust Deed was amended to indicate that the purpose of the Trust was to hold various investments as endowments, which would be used to produce investment returns that would be utilised by the trustees to make donations to qualifying beneficiaries. The Trust Deed established governing sub-committees, namely the investment committee and the disbursement committee, which would govern the management of the investments held by the Trust, as well as govern the way beneficiaries would be donated to. These sub-committees would be under the control of the independent trustees of the Trust. Furthermore, the Trust Deed was amended to require both the trustees and Entity A to jointly approve the sale of any Entity A shares held by the Trust.

Should Entity A at the time the original Trust Deed is superseded, reassess whether it has control over the Trust in terms of IFRS 10?

#### Option 1

Although the Trust Deed has been superseded, a new control assessment is not required, as the original designer of the Trust, namely Entity A, is still a party to the Trust Deed, and although does not have power over the investment and distribution decisions of the Trust, Entity A is still able to include any Entity A shares held by the Trust in its CSR score.

#### Option 2

As noted in IFRS 10.13 – ‘if two or more investors each have existing rights that give them the unilateral ability to direct different relevant activities, the investor that has the current ability to direct the activities that most significantly affect the returns of the investee has power over the investee.

In terms of IFRS 10.B13, in some situations, activities before and after a particular set of circumstances arises or events occur may be relevant activities. When two or more investors have the current ability to direct the relevant activities and those activities occur at different times, the investors shall determine which investor is able to direct the activities that most

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significantly affect those returns consistently with the treatment of concurrent decision-making rights. The investors shall reconsider this assessment over time if relevant facts or circumstances change.

As the Trust Deed was superseded, the relevant facts and circumstances have changed, and this would warrant a new control assessment in terms of IFRS 10. In reaching a conclusion with respect to who has control over the Trust, the relevant activities would be reassessed in line with the new Trust Deed. The original design and purpose of the original Trust Deed would not be taken into account in the new IFRS 10 control assessment, rather the new Trust Deed would be assessed in isolation.