# Staff paper

Agenda reference: 10

**IFRS® Interpretations Committee meeting**

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| Date | **November 2026** |
| Project | **Control Assessment for a Single-investor Fund (IFRS 10)** |
| Topic | **Comment letters on tentative agenda decision** |
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## Introduction

1. At its June 2026 meeting, the IFRS Interpretations Committee (Committee) published a tentative agenda decision in response to a request about how an entity—the only investor in a fund other than the fund manager—assesses whether it has delegated its decision-making authority to the fund manager, if the fund manager is an agent and does not control the fund.

2. The objective of this paper is:

   (a) to summarise and analyse comments on the tentative agenda decision; and

   (b) to ask the Committee whether it agrees with our recommendation to finalise the agenda decision.

## Structure of this paper

3. This paper includes:

   (a) background (paragraphs 4–11);

   (b) summary of comment letters (paragraphs 12–15);

(c) staff analysis (paragraphs 16–37);

(d) staff recommendation and questions for the Committee (paragraphs 38–39); and

(e) Appendix A—suggested wording of the agenda decision.

## Background

4. The submission describes a fact pattern in which an entity (investor) is the only investor in a fund other than the fund manager.

5. 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 *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.

6. 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 that 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.

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

8. The submission asked whether, in accordance with IFRS 10, the investor described in the submission is automatically deemed to have delegated its decision-making authority to the fund manager. In other words, whether that 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.

9. The Committee discussed the submission at its March 2026 meeting (Agenda Paper 10) and its June 2026 meeting (Agenda Paper 5). At its June 2026 meeting, the Committee decided to publish a tentative agenda decision.

10. Based on its analysis and observations as set out in the tentative agenda decision, the Committee concluded that being the only investor in the fund other than the fund manager does not, in isolation, mean that the investor described in the fact pattern is automatically deemed to have delegated its decision-making authority to the fund manager. The investor is required to consider all the requirements in paragraphs 5–18 of IFRS 10, as well as the related application guidance in Appendix B to IFRS 10, when assessing whether it controls the fund.

11. The Committee therefore concluded that the principles and requirements in IFRS 10 provide an adequate basis for the investor described in the fact pattern to assess whether it is automatically deemed to have delegated its decision-making authority to the fund manager. Consequently, the Committee tentatively decided that a standard-setting project is not needed and it instead published the tentative agenda decision.

## Summary of comment letters

12. The Committee received ten comment letters by the comment letter deadline. All comment letters received, including any late comment letters, are available on our website.[1] This agenda paper includes analysis of only the comment letters received by the comment letter deadline.

13. Nine respondents agree with—or do not object to—the Committee's conclusion and tentative decision that a standard-setting project is not needed for the reasons set out in the tentative agenda decision.

14. One respondent—Grant Thornton—expresses concern with the Committee's analysis. Grant Thornton says that, in the fact pattern described, the investor is the principal and paragraph IFRS 10 could 'reasonably be interpreted as requiring the investor to treat the fund manager's decision-making rights as held directly when assessing control'. A few other respondents who do not disagree with the Committee's conclusions also ask for related clarifications.

15. Some of the respondents who agree with the Committee's conclusions nonetheless suggest changes or clarifications to the wording of the agenda decision including for example referring to specific factors the investor should consider when assessing whether it controls the fund.

[1] At the date of posting this agenda paper, there were no late comment letters.

## Staff analysis

16. This section analyses:

    (a) feedback on the Committee's analysis and whether the investor is the principal (paragraphs 17–24); and

    (b) other comments (paragraphs 25–37).

### *The Committee's analysis of paragraphs B58–B59 of IFRS 10*

#### *Applicable requirements*

17. Paragraphs B58–B59 of IFRS 10 state:

> B58 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.
>
> 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.

*Feedback*

18. Grant Thornton expresses concern with the Committee's analysis. The respondent says:

    (a) IFRS 10 provides sufficient support for identifying the investor as the principal. Paragraphs B58 and B59 of IFRS 10 focus on 'whether decision-making authority is exercised on behalf of a principal and whether the decision maker is acting as a principal or an agent'.

    (b) Where there is only one investor in a fund and the fund manager is an agent, it would 'strongly expect' the fund manager to be considered as acting on behalf of that investor. Paragraphs B58 and B59 of IFRS 10 do not expressly require the evidence that the investor previously held and then delegated decision-making authority to the fund manager.

    (c) paragraph B59 of IFRS 10 could 'reasonably be interpreted as requiring the investor to treat the fund manager's decision-making rights as held directly when assessing control'.

19. A few other respondents who do not disagree with the Committee's conclusions also ask for related clarifications. In particular:

    (a) The Autorité des Normes Comptables (ANC) says that since the fund manager is an agent, the possibility that no principal is identified is perceived by their stakeholders as a counterintuitive outcome and suggests clarifying this point.

    (b) Forvis Mazars says the tentative agenda decision would benefit from clarifying whether, and on what basis, the investor should be viewed as the principal. Forvis Mazars also says the submission appears to raise the question of whether the fund manager should be viewed as an agent and if so, whether this necessarily results in the limited partner being identified as a principal.

    (c) Saudi Organization for Chartered and Professional Accountants (SOCPA) suggests clarifying the application of paragraph B59 of IFRS 10 when there is only one principal. Paragraph B59 states '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'. SOCPA says 'In our view, this should not be interpreted as implying that a single investor is automatically regarded as having power once the decision-maker is determined to be an agent. The single investor must also establish that it has power over the investee in accordance with the relevant requirements of IFRS 10'.

*Staff analysis*

20. The committee considered a specific question—whether the investor is automatically deemed to have delegated its decision-making authority to the fund manager because it is the only investor in the fund other than the fund manager and the fund manager *is an agent*. The agenda decision answers that specific question and does not comment on whether the investor is a principal.

21. We acknowledge that, in the fact pattern described in the submission, the investor could be a principal. However, determining whether the investor is a principal is unnecessary to answer the specific question considered by the Committee and might require consideration of facts and circumstances beyond what has been provided in the submission.

22. We continue to agree with the Committee's conclusion that:

    (a) being the only investor in the fund other than the fund manager does not, in isolation, mean that the investor described in the fact pattern is automatically deemed to have delegated its decision-making authority to the fund manager; and

    (b) the investor is required to consider all the requirements in paragraph 5–18 of IFRS 10 as well as the related application guidance in Appendix B to IFRS 10 when assessing whether it controls the fund.

23. This conclusion—which is set out in the tentative agenda decision—applies regardless of whether the investor is a principal.

*Conclusion*

24. Based on our analysis, we continue to agree with the Committee's analysis and conclusions and think no changes or clarifications are needed to the agenda decision in respect of the feedback summarised in paragraphs 18–19.

## *Other comments*

25. This section summarises and analyses other comments.

*Factors relevant to the investor's control assessment*

***Feedback***

26. A few respondents suggest considering and/or highlighting specific factors the investor should consider in assessing whether it controls the fund. For example:

    (a) PwC International Limited (PwC) suggests highlighting that in assessing control, the investor should consider non-contractual and broader relationships, which in PwC's experience, is particularly important when considering fact patterns of the type considered by the Committee;

    (b) Grant Thornton suggests considering the applicability of the requirements in paragraphs B73–B75 of IFRS 10 relating to an investor's relationships with other parties and assessing whether those other parties are acting as 'de facto' agents;

    (c) The ANC and South African Institute of Chartered Accountants (SAICA) suggest emphasising the aspects of the fact pattern which should be given particular consideration when assessing whether the investor controls the fund. Similarly, Forvis Mazars suggests explaining the circumstances in which the investor would—or would not—control the fund.

27. PwC and the ANC also suggest emphasising that the Committee's conclusion does not imply that the investor does not control the fund.

***Staff analysis and conclusion***

28. The tentative agenda decision already states:

> …The investor described in the fact pattern is required to consider all the requirements in paragraphs 5–18 of IFRS 10, as well as the related application guidance in Appendix B to IFRS 10 when assessing whether it controls the fund.
>
> …

29. We think it is unnecessary to further emphasise that the Committee's conclusion does not imply that the investor does not control the fund.

30. We also continue to agree with the Committee that it is important for the investor to consider *all* the applicable requirements in IFRS 10 when assessing whether it controls the fund and to not emphasise particular requirements the investor should consider. Emphasising particular requirements:

(a) risks an entity with a similar fact pattern placing undue weight on those requirements and insufficient weight on other applicable requirements; and

(b) goes beyond the question considered by the Committee.

31. Consequently, we recommend no change to the tentative agenda decision in respect of the feedback summarised in paragraphs 26–27.

### *Emphasising the narrow fact pattern*

***Feedback***

32. SAICA and the ANC suggest further emphasising that the Committee's analysis and conclusions apply only to the very specific and narrow fact pattern described in the

submission. SAICA says this would help stakeholders understand that the Committee is not establishing a 'bright-line' rule that applies to other fact patterns.

***Staff analysis and conclusion***

33. An agenda decision applies to the fact pattern or transaction discussed in that agenda decision. We think the agenda decision is already sufficiently clear in that it applies to the fact pattern described in the tentative agenda decision. For example, the paragraphs before and after the 'conclusion' heading (see paragraphs A8 and A9 of Appendix A to this paper) refer to the 'investor described in the fact pattern'.

34. Consequently, we recommend no change to the tentative agenda decision in respect of the feedback summarised in paragraphs 32.

### *Reference to 'outcomes that are inconsistent with the control model in IFRS 10'*

***Respondent's comment***

35. Paragraph (e) of the section in 'Applying the requirements in IFRS 10' of the tentative agenda decision (see paragraph A7(e)) says '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'.

36. Deloitte suggests replacing the reference to 'outcomes that are inconsistent with the control model in IFRS 10' with a 'clear statement that the relevant requirements of IFRS 10 must be considered in full before reaching a conclusion on whether the investor does, or does not, control the fund'.

***Staff analysis and conclusion***

37. We think the change is unnecessary. The reference to 'outcomes that are inconsistent with the control model in IFRS 10' explains some of the Committee's rationale for its conclusion. The paragraph that follows that sentence (see paragraph A8 of Appendix

A) already explains that 'the investor…is required to consider all the requirements in paragraphs 5–18 of IFRS 10, as well as the related application guidance in Appendix B to IFRS 10 when assessing whether it controls the fund'.

## Staff recommendation and questions for the Committee

38. Based on our analysis in this paper, we recommend finalising the agenda decision with no changes to the wording of the tentative agenda decision other than to remove the square brackets indicating the tentative stage of the agenda decision. Appendix A to this paper sets out the suggested wording for the agenda decision.

39. If the Committee agrees with our recommendation, we will ask the IASB whether it objects to the agenda decision at the first IASB meeting at which it is practicable to present the agenda decision.

| Questions for the Committee |
| --- |
| 1. Does the Committee agree with our recommendation to finalise the agenda decision as explained in paragraphs 38–39 of this paper?<br>2. Do Committee members have any comments on the suggested wording of the agenda decision in Appendix A to this paper?<br>3. Do Committee members have additional observations they would like to report to the IASB regarding this matter? |

## Appendix A—Suggested wording of the agenda decision

This appendix sets out the suggested wording of the agenda decision. Paragraph numbers are included to facilitate referencing but will be removed when the agenda decision is published in IFRIC *Update*. New text is underlined and deleted text is struck through.

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

A1. 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*

A2. The request describes a situation in which an entity (investor) is the only investor in a fund other than the fund manager.

A3. 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.

A4. 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 that 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.

A5. The fund has a contractually fixed term, during which the investor cannot withdraw its investment from the fund.

### *Question*

A6. The request asks whether, in accordance with IFRS 10, the investor described in the request is automatically deemed to have delegated its decision-making authority to the fund manager. In other words, whether that 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.

### *Applying the requirements in IFRS 10*

A7. 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 that:

(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 5–18 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 fact pattern assumes 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 is required to 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.

(e) 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.

A8. 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 described in the fact pattern is automatically deemed to have delegated its decision-making authority to the fund manager. The investor described in the fact pattern is required to consider

all the requirements in paragraphs 5–18 of IFRS 10, as well as the related application guidance in Appendix B to IFRS 10, when assessing whether it controls the fund.

### *Conclusion*

A9. The Committee concluded that the principles and requirements in IFRS 10 provide an adequate basis for the investor described in the fact pattern 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.