IFRS Accounting

Staff paper

Agenda reference: 3

IFRS® Interpretations Committee meeting

Date	**September 2026**
Project	**Reassessment of Control (IFRS 10)**
Topic	**Comment letters on tentative agenda decision**
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Introduction

1. At its March 2026 meeting, the IFRS Interpretations Committee (Committee) published a tentative agenda decision about whether, in accordance with paragraph 8 of IFRS 10 *Consolidated Financial Statements*, 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 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

3. This paper includes:

   (a) background (paragraphs 5–8);

   (b) summary of the comment letters (paragraphs 9–12);

   (c) staff analysis (paragraphs 13–22);

(d) staff recommendation (paragraph 23); and

(e) questions for the Committee (page 7).

4. There are two appendices to this paper:

(a) Appendix A—Proposed wording of the agenda decision; and

(b) Appendix B—Staff analysis of other comments.

Background

5. The submission described a fact pattern in which 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 was 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.

6. The submission asked whether—applying paragraph 8 of IFRS 10—the amendments to the investee's governing document require the entity to reassess whether it retains control of the investee.

7. Evidence gathered by the Committee at the time it published the tentative agenda decision indicated that while not common across all jurisdictions, fact patterns similar to the one described in the submission occur and are common in some jurisdictions. However, that evidence showed no diversity in determining whether, in the fact pattern described in the submission, the entity reassesses whether it retains control of the investee. All but one of the respondents to the Committee's information request on this matter said they observed no differences in determining whether to reassess control in the fact pattern described in the submission. These respondents said that in that fact pattern described in the submission, an entity reassesses whether it retains control of the investee.

8. The Committee therefore concluded that the matter described in the submission does not have widespread effect—that is, the criterion in paragraph 5.16(a) of the IFRS Foundation *Due Process Handbook* was not met.[1] Consequently, the Committee tentatively decided not to add a standard-setting project to the work plan and, instead, published a tentative agenda decision.

Summary of the comment letters

9. The Committee received 15 comment letters by the comment letter deadline. All comment letters received, including any late comment letters, are available on our website.[2] This paper includes analysis of only the comment letters received by the comment letter deadline.

10. All 15 respondents agree—or do not disagree—with the Committee's conclusion that the matter does not have widespread effect. In addition, many respondents say the applicable requirements in IFRS 10 support prevailing practice described in the tentative agenda decision—that is, in the fact pattern described in the submission, the entity reassesses whether it retains control of the investee.

11. Notwithstanding its agreement with the Committee's conclusion, the South African Institute for Chartered Accountants (SAICA) provides additional comments and asks the Committee to reconsider the context of the submission and to add the matter to its agenda for further deliberation. Paragraphs 15–21 summarise and analyse those comments.

12. A few respondents provide other comments that we summarise and analyse in Appendix B to this paper.

[1] When the tentative agenda decision was published in March 2026, the 'widespread effect' criterion was in paragraph 5.16(a) of the *Due Process Handbook* (published in 2020). The *Due Process Handbook* was updated in April 2026, and the 'widespread effect' criterion, with some wording changes, now appears in paragraph 5.19(a) of the revised *Due Process Handbook* (*Handbook*).

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

Staff analysis

13. In this section we discuss a respondent's suggestion (noted in paragraph 11) to reconsider the context of the submission.

14. Appendix B to this paper summarises and analyses other comments.

Reconsidering the context of the submission

Feedback

15. Notwithstanding its agreement with the Committee's conclusion, SAICA asks the Committee to reconsider the context of the submission and to add the matter to its agenda for further deliberation. This respondent says:

    (a) the fact pattern submitted relates to the assessment of Black Economic Empowerment (BEE) trust structures that are prevalent within the South African regulatory environment;

    (b) it observes diversity, in the context of reassessment of control in accordance with IFRS 10, related to whether 'the original purpose and design of [BEE trust] structures should continue to be taken into account' when the governing documents of those trust structures have been subsequently amended; and

    (c) it recommends that the Committee 'reconsider the context of the request as it relates to changes in structures established for specific regulatory or policy objectives, including those aimed at promoting equitable economic participation and representation and whether the changes in the governing documents would allow for the reassessment of the purpose of the structure'.

Staff analysis

16. Our analysis in this section is organised as follows:

    (a) consideration of the fact pattern; and

(b) confirming no widespread effect.

Consideration of the fact pattern

17. The fact pattern and question set out in the tentative agenda decision reflect the fact pattern and question described in the submission. The submission—reproduced in Appendix B to [Agenda Paper 5] of the Committee's March 2026 meeting (March 2026 paper)—asks:

> Should Entity A [entity described in the submission] at the time the original Trust Deed is superseded, reassess whether it has control over the Trust [investee] in terms of IFRS 10?

18. As discussed in the March 2026 paper, we sent an information request to stakeholders to help us understand whether the matter described in the submission has widespread effect. The information request included the submission, which was also made available on our website. Accordingly, stakeholders responding to our information request were informed of the fact pattern and question described in the submission when providing us with input.

Confirming no widespread effect

19. SAICA confirms 'there is no diversity in IFRS Accounting Standards for the fact pattern as presented'. However, it says it observes diversity in a matter which, in our view, goes beyond the scope of what the Committee considered—that is, whether an entity—when it reassesses control of the investee—should continue to consider the original purpose and design of BEE trust structures when the governing documents of those trust structures have been subsequently amended.

20. As summarised in paragraphs 7–8, while evidence gathered by the Committee indicated that fact patterns similar to the one described in the submission occur and are common in some jurisdictions, there is no diversity with respect to the question in the submission—that is, whether, in the fact pattern described in the submission, the entity reassesses whether it retains control of the investee. All but one of the respondents to the Committee's information request on this matter said they observed

no differences in determining whether to reassess control in the fact pattern described in the submission. As noted in paragraph 10, all respondents to the tentative agenda decision agree, or do not disagree, with the Committee's conclusion that the matter does not have widespread effect. Feedback to the tentative agenda decision confirms that in the circumstances described in the fact pattern, entities reassess whether they retain control of the investee.

Staff conclusion

We continue to agree with the Committee's findings and conclusion in the tentative agenda decision that the matter described in the submission does not have widespread effect. We disagree with SAICA's suggestion to reconsider the context of the submission or undertake further deliberation on this matter.Other comments

21. Appendix B to this paper summarises and analyses other comments. Based on our analysis in that appendix, we recommend no action in respect of those comments.

Staff recommendation

22. Based on our analysis in this paper, we recommend finalising the agenda decision with no changes other than:

    (a) to remove the square brackets indicating the tentative stage of the agenda decision; and

    (b) to align the wording of the Committee's conclusion in the agenda decision with wording in the updated version of the *Handbook* (published in April 2026).

Questions for the Committee

1. Does the Committee agree with our recommendation to finalise the agenda decision as explained in paragraph 23 of this paper?
2. Do Committee members have any comments on the wording of the agenda decision in Appendix A to this paper?
3. Do Committee members have additional observations they would like to report to the IASB regarding this matter?

Appendix A—Proposed wording of the agenda decision

A1. We propose the following wording for the final agenda decision (new text is underlined and deleted text is struck through).

Reassessment of Control (IFRS 10 *Consolidated Financial Statements*)

The Committee received a request asking whether, in accordance with paragraph 8 of IFRS 10, an entity reassesses whether it retains control of an investee when the investee's governing document is amended. The entity's conclusion as to whether it controls the investee may or may not change as a result of such a reassessment.

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 was 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.

Question

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 retains control of 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~~]~~ <u>that a standard</u>

setting project is not needed to address the request ~~not to add a standard-setting project to the work plan~~.

Appendix B—Staff analysis of other comments

B1. A few respondents provide other comments that we analyse in this appendix.

No	Respondents' suggestion	Staff analysis
(a)	The Accounting Standards Committee of Germany suggests amending the tentative agenda decision to explicitly state whether reassessment of control is *required* in circumstances in which governing documents are changed (as in the fact pattern described in the submission).	*We recommend no change.* The *Handbook* sets out the criteria the Committee considers in assessing whether a standard-standard project is needed (see paragraph 5.19 of the *Handbook*) and when an agenda decision includes explanatory material (see paragraph 8.3 of the *Handbook*). The tentative agenda decision states that, based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. The Committee does not undertake technical analysis nor provide explanatory material—such as a conclusion on the required accounting in the fact pattern described—in agenda decisions when the Committee has obtained evidence that the matter does not have widespread effect.
(b)	The Saudi Organisation for Chartered and Professional Accountants (SOCPA) suggests clarifying that the outcome of the reassessment of control may or may not change the entity's previous conclusion.	*We recommend no change.* The tentative agenda decision already states: 'The entity's conclusion as to whether it controls the investee may or may not change as a result of such a reassessment.'
(c)	SOCPA suggests amending the agenda decision to avoid implying that the	*We recommend no change.*

	investee's original purpose and design should always be determinative or always be ignored after the governing document is amended.	The tentative agenda decision does not—in our view—imply that the investee's original purpose and design should always be determinative or always be ignored in any reassessment of control made when the investee's governing document is amended.
(d)	Cristian Munarriz says the reference to paragraph 8 of IFRS 10 in the question section of the tentative agenda decision and the statement that 'the entity's conclusion as to whether it controls the investee may or may not change as a result of such a reassessment' included in the fact pattern section of the tentative agenda decision were not included in the original submission. The respondent suggests moving this reference and statement to the 'findings' section of the agenda decision.	*We recommend no change.* The reference and statement referred to are factual statements that did not arise from the Committee's findings.
(e)	Manish Iyer says it is not clear why the Committee is discussing the question in the tentative agenda decision and suggests considering a different question relating to the interaction of particular requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* and IAS 2 *Inventories*.	*We recommend no action.* In our view, it is clear in the tentative agenda decision that the Committee is responding to a request it received and based on its findings, the matter described in the request does not have widespread effect. As explained in paragraph 8.2 of the *Handbook*, if the Committee decides that a standard-setting project is not needed to address a question submitted, it explains why in a tentative agenda decision.

		Considering the question raised by this respondent about the interaction between IFRS 18 and IAS 2 is beyond the scope of the matter described in the tentative agenda decision. The IFRS Foundation website explains the Committee's process, how to submit a question to the Committee and the information a question to the Committee needs to include (including, for example, an assessment of whether the question has widespread effect).