
IASB[®] meeting

Date	October 2023
Project	Second Comprehensive Review of the <i>IFRS for SMEs</i>[®] Accounting Standard
Topic	Simplification of the control model in Section 9 <i>Consolidated and Separate Financial Statements</i>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual 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 or the *IFRS for SMEs*[®] Accounting Standard. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Purpose of the paper

1. The purpose of this paper is for the International Accounting Standards Board (IASB) to:
 - (a) consider feedback on the proposals in the Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard* (Exposure Draft) on the simplification of the control model in Section 9 *Consolidated and Separate Financial Statements* of the *IFRS for SMEs* Accounting Standard (the Standard); and
 - (b) decide whether to amend the control model proposed in Section 9 of the Exposure Draft.
2. In this paper, the term SMEs refers to small and medium-sized entities that are eligible to apply the *IFRS for SMEs* Accounting Standard.

Structure of this paper

3. This paper is structured as follows:
 - (a) summary of staff recommendations (paragraph 4);

- (b) development of the proposals (paragraphs 5–21);
- (c) feedback from comment letters (paragraphs 22–30);
- (d) feedback from outreach events (paragraphs 31–32);
- (e) feedback from the SME Implementation Group (SMEIG) (paragraphs 33–34);
- (f) staff analysis and recommendations (paragraphs 35–65);
- (g) next steps (paragraph 66); and
- (h) Appendix —extract from the Basis for Conclusions on the Exposure Draft.

Summary of staff recommendations

4. The staff recommend the IASB:
 - (a) retains and updates the rebuttable presumption in paragraph 9.5 of the *IFRS for SMEs* Accounting Standard; and
 - (b) updates the disclosure requirement in paragraph 9.23(b) of the *IFRS for SMEs* Accounting Standard to use the wording in paragraph 7(a) of IFRS 12 *Disclosure of Interests in Other Entities*.

Development of the proposals

Current requirements

5. Section 9 of the Standard sets out the circumstances in which SMEs present consolidated financial statements and the procedures for preparing those statements. It also includes guidance on separate financial statements and combined financial statements. Section 9 is based on the definition of control from the superseded version of IAS 27 *Consolidated and Separate Financial Statements* and includes some guidance from SIC 12 *Consolidation – Special Purpose Entities*.

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6. Unlike IFRS 10 *Consolidated Financial Statements*, the *IFRS for SMEs Accounting Standard* does not include a single basis for consolidation. Section 9 requires a parent to consolidate a subsidiary it controls, based on the definition of control (see paragraph 7 of this paper). In addition, Section 9 provides separately a list of circumstances that could indicate that an entity controls a special purpose entity (SPE). SPEs are created to accomplish a narrow objective (for example, to effect a lease, undertake research and development activities or securitise financial assets)¹.
 7. Control is defined in the Standard as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.² Furthermore, for simplification, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control.³ If an entity rebuts this presumption, it has a higher hurdle to demonstrate that its holding of more than 51% of the voting power of an entity does not constitute control.

Developing the 2020 Request for Information

8. As part of the first comprehensive review of the Standard, the IASB considered aligning the Standard with IFRS 10 however, it tentatively decided to retain the requirements stated in paragraph 5–7 of this paper because at that time IFRS 10 had only recently become effective.
9. In January 2020, the IASB published [Request for Information Comprehensive Review of the IFRS for SMEs Standard](#) (2020 Request for Information) as a first step in its second comprehensive review. As part of the second comprehensive review, the IASB used the alignment approach to determine whether and how to align the *IFRS for SMEs Accounting Standard* with new and amended IFRS Accounting Standards in the

¹ Paragraph 9.10 of the *IFRS for SMEs Accounting Standard*

² Paragraph 9.4 of the *IFRS for SMEs Accounting Standard*

³ Paragraph 9.5 of the *IFRS for SMEs Accounting Standard*

scope of the review. The alignment approach treats alignment with full IFRS Accounting Standards as the starting point for developing the *IFRS for SMEs* Accounting Standard, and applies the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits.

10. The 2020 Request for Information was developed with the objective to obtain evidence, in line with the alignment principles, that will assist in deciding whether and how to develop an Exposure Draft of amendments to the *IFRS for SMEs* Accounting Standard. IFRS 10 was included in the scope of this review.

Definition of control

11. In considering whether and how to ask about aligning Section 9 with IFRS 10, the IASB acknowledged that it had already concluded consolidated financial statements to be relevant for entities applying the *IFRS for SMEs* Accounting Standard. Instead of asking about relevance in the 2020 Request for Information, the IASB decided the question to include in the invitation to comment, was whether alignment with IFRS 10 would improve the quality of information provided to users of financial statements applying the Standard.
12. In considering aligning Section 9 with IFRS 10, the IASB noted that introducing a single principle of control is, in itself, a simplification. The single principle of control that applies to all entities would remove uncertainty about which requirements in Section 9 to apply to different entities (including SPEs). The control model in IFRS 10 clarifies requirements that were implicitly included in IAS 27 and SIC-12 and provides additional application guidance.
13. Section 9 includes a further simplification—a rebuttable presumption as discussed in paragraph 7. This simplification assists entities applying the *IFRS for SMEs* Accounting Standard by presuming that an SME controls another entity if it owns more than half of the voting power of that entity. Such SMEs do not need to perform a control assessment.

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14. The IASB noted that the rebuttable presumption in Section 9 simplifies the requirements in full IFRS Accounting Standards and that the reasons for including this simplification had not changed. Therefore, in the 2020 Request for Information, the IASB sought views on alignment of the definition of control in Section 9 with IFRS 10 and retaining this simplification.

Investment entities

15. IFRS 10 provides an exception to consolidation for an investment entity. Instead of consolidating its subsidiaries, an investment entity measures its investment in subsidiaries at fair value. The *IFRS for SMEs* Accounting Standard does not have this requirement. This is because, in the IASB's view, few entities that apply the Standard would qualify as investment entities. Consequently, the IASB concluded that this requirement does not meet the 'relevance' principle of alignment. In the 2020 Request for Information, the IASB sought views on not introducing this requirement into the Standard.

Feedback on the 2020 Request for Information

16. The 2020 Request for Information asked for views on:
- (a) aligning the definition of control in Section 9 of the *IFRS for SMEs* Accounting Standard with IFRS 10;
 - (b) retaining and updating paragraph 9.5 of the *IFRS for SMEs* Accounting Standard; and
 - (c) not introducing the requirement that investment entities measure investments in subsidiaries at fair value through profit or loss.

Definition of control

17. There was support from the respondents with many respondents agreeing with the alignment of the definition of control in Section 9 of the Standard with IFRS 10 and

retaining and updating paragraph 9.5 of the Standard. The respondents said that this would provide greater consistency and clarity among SMEs because the definition of control is a fundamental concept and will improve the quality of information provided to users.

Investment entities

18. Some respondents agreed with the IASB's view not to introduce the requirement that investment entities measure investments in subsidiaries at fair value through profit or loss because few SMEs are likely to qualify as investment entities and the requirement to determine fair value may be too complex for SMEs. Contrastingly, a few respondents were of the view that the requirement should be introduced as it adds to faithful representation and will be relevant to some entities applying the *IFRS for SMEs* Accounting Standard.

Proposals in the Exposure Draft

Definition of control

19. The IASB proposed to align the definition of 'control' in Section 9 of the Standard with IFRS 10, using that definition as the single basis for consolidation (control model). The IASB's reasoning is explained in paragraphs BC52–BC57 of the Basis for Conclusions on the Exposure Draft (see the Appendix to this paper).
20. The IASB also proposed to retain the rebuttable presumption in paragraph 9.5 of the Standard that control exists when an investor owns a majority of the voting rights of an investee. The IASB's reasoning is explained in paragraph BC58 of the Basis for Conclusions on the Exposure Draft (see the Appendix to this paper).

Investment entities

21. The IASB, based on its initial view and the feedback on the 2020 Request for Information, did not propose to introduce the requirement for an investment entity to measure its investments in subsidiaries at fair value.

Feedback from comment letters

22. The Invitation to Comment (ITC) in the Exposure Draft included the following question about the proposed amendments to Section 9:

Question 3

Do you agree with the IASB's proposal to retain the rebuttable presumption as a simplification of the definition of control? If not, please explain why you do not agree with this simplification.

Definition of control

23. Most respondents supported the retention of the rebuttable presumption as a simplification of the definition of control.
24. Many of the respondents conditionally agreed with the retention of the rebuttable presumption and provided suggestions, each made by a few respondents, on the application of the rebuttable presumption. Respondents suggested that paragraph 9.5 of the Exposure Draft is amended to specify that the rebuttable presumption is only applicable when voting rights are the main factor in determining control. This is because there are other means of obtaining control which need to be considered. Additionally, respondents explained that paragraph 9.5 of the Exposure Draft may be interpreted as requiring an entity to assess whether it has all the elements of control listed in paragraph 9.4B of the Exposure Draft. Respondents suggested that the IASB provides clarity on whether an entity that holds a majority of the voting rights in an investee is still required to consider the elements of control listed in paragraph 9.4B of the Exposure Draft.

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25. Respondents also suggested that a disclosure requirement is added for entities that have applied the rebuttable presumption.
26. Only one respondent disagreed with the retention of the rebuttable presumption. This respondent explained that the rebuttable presumption affects the usefulness and purpose of financial information by weakening the concept of control.
27. In addition to comments on the application of the rebuttable presumption, respondents sought clarity on:
- (a) paragraphs 9.4D–9.4F of the Exposure Draft refers to ‘current ability’, but there is no guidance on what ‘current ability’ entails.
 - (b) the section should include the concept of ‘substantive right’ in determining if an investor controls an investee.
28. Finally, a few respondents suggested that more guidance should be provided in the following areas:
- (a) further guidance from Appendix B of IFRS 10 should be simplified and included in educational material to assist preparers in assessing control, including how the determination of control is different from legal ownership.
 - (b) circumstances when a reporting entity may hold the majority of the shares in an investee but due to other factors may not have control over the investee (guidance on when the rebuttable presumption can be overcome).
29. Only one respondent disagreed with the retention of the rebuttable presumption. This respondent explained that the rebuttable presumption affects the usefulness and purpose of financial information by weakening the concept of control.

Investment entities

30. A few respondents disagreed with omitting the requirements for investment entities, see paragraph 15 of this paper. They said that there are investment entities in the scope of the Standard. These respondents suggested that investment entities should

have an accounting policy choice to either consolidate investments in subsidiaries or measure their investments at fair value through profit or loss.

Feedback from outreach events

31. IASB members and staff participated in 31 outreach events on the Exposure Draft, including round-table meetings and discussion forums. The events were organised in conjunction with national standard-setters, accountancy bodies, auditors and SMEIG members.⁴
32. Participants in outreach events generally supported the proposal to align the definition of control and retain the rebuttable presumption. Participants said they had no concerns because the rebuttable presumption is easy to apply and understand.

Feedback from the SME Implementation Group (SMEIG)

33. The SMEIG met on 13 July 2023 to discuss the feedback on the Exposure Draft. Amongst other topics, the SMEIG members were asked for their views on amending paragraph 9.5 of the Standard to specify that the rebuttable presumption is applicable only when voting rights are the main factor in determining control.
34. SMEIG members generally supported the retention of the rebuttable presumption because it simplifies application of the definition of control. However, some SMEIG members recommended the IASB clarifies how the rebuttable presumption fits with the control model and provided suggestions on how to do so, including suggestions on how to link and reorder paragraphs 9.4—9.5 of the Exposure Draft.

⁴ Outreach feedback summary [t- AP30C IFRS for SMEs Outreach Summary](#)

Staff analysis

35. The staff analysis focuses on the feedback on retention of the rebuttable presumption as a simplification of the control model. The staff will bring a paper to a future IASB meeting on investment entities.
36. The staff analysis is set out as follows:
- (a) application of the rebuttable presumption (paragraphs 37–56);
 - (b) disclosure (paragraph 57–58); and
 - (c) other matters raised by respondents in relation to the definition of control (paragraphs 59–65).

Application of the rebuttable presumption

37. The feedback on the proposals in the Exposure Draft supports retaining the rebuttable presumption in paragraph 9.5 of the Standard as a simplification of the control model.
38. In the Exposure Draft the IASB proposed to:
- (a) align the definition of control with IFRS 10;
 - (b) add guidance on how an investor determines that it controls an investee; and
 - (c) update paragraph 9.5 of the Standard to be consistent with the proposed definition of control.
39. Paragraph 9.5 of the Exposure Draft proposes:
- Control is presumed to exist when the investor owns, directly or indirectly through subsidiaries, a majority of the voting rights of an investee. That presumption can be overcome if it can be clearly demonstrated that the investor does not have one or more of the elements of control listed in paragraph 9.4B.
40. Paragraph 9.4B of the Exposure Draft proposes:

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

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

41. The proposals in the Exposure Draft state that control is presumed to exist when an investor owns a majority of the voting rights of an investee. The investor can overcome this presumption. Based on the proposals in the Exposure Draft, to overcome the presumption an investor must be able to demonstrate that it owns, directly or indirectly through subsidiaries, a majority of the voting rights of an investee but does not have one of or more of the elements of control in paragraph 9.4B of the Exposure Draft.
42. A few respondents asked if an investor that holds a majority of the voting rights in an investee is still required to consider the elements of control (paragraph 24 of this paper). In the staff view, the Exposure Draft proposes an investor that owns a majority of the voting rights does not need to assess the other elements of control listed in paragraph 9.4B of the Exposure Draft unless it wishes to overcome the presumption of control.
43. Feedback suggests that the interaction of the rebuttable presumption, with the control model as the single basis for consolidation, as proposed in Section 9 should be clarified (see paragraphs 24 and 34).
44. The rebuttable presumption is a simplification to the control model to assist SMEs, that hold the majority of voting rights in an investee. In the staff's view an SME that applies the rebuttable presumption is not required to assess the elements of control in paragraph 9.4B of the Exposure Draft, which involve judgement. However, an SME that wishes to rebut the presumption is required to assess the elements of control in

paragraph 9.4B of the Exposure Draft. The staff agrees that if the reputable presumption is retained, the drafting of the rebuttable presumption could be improved to clarify its interaction with the control model, in particular with paragraph 9.4B of the Exposure Draft.

45. In addressing this feedback, the staff have considered whether to retain the rebuttable presumption and clarify its application or to remove the rebuttable presumption.

Retaining the rebuttable presumption

46. The rebuttable presumption has been in the Standard since the first edition in 2009. Consequently, SMEs applying the Standard are familiar with applying the rebuttable presumption alongside the definition of control. Albeit the IASB is proposing to update paragraph 9.5 of the Standard to align with the definition of control in IFRS 10.
47. As discussed in the Basis of Conclusions on the Exposure Draft (see the appendix to this paper), feedback on the Post-Implementation Review of IFRS 10 identified that assessing control requires the exercise of judgement⁵. The extent of judgement required depends on the complexity of the transaction and can, sometimes, be significant. However, some respondents to the 2020 Request for Information said SMEs that apply the Standard rarely engage in such complex transactions.
48. This suggest that SMEs with simpler structures that are based on voting rights are more likely to rely on the rebuttable presumption. SMEs with complex structures (including structures that do not rely on control through the majority of voting rights) or that wish to rebut the presumption will assess control based on paragraph 9.4B of the Exposure Draft. Consequently, the rebuttable presumption limits the need to exercise judgement in simple transactions without impeding faithful representation.

⁵ Paragraph BC57 of the Basis of Conclusions on the Exposure Draft

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49. The rebuttable presumption is a departure from the single control model because it only addresses voting rights as a means to obtaining control. Two investors that hold a majority of the voting rights in an investee, with the same set of facts and circumstances might reach different conclusions as to whether they control the investee. One investor could rely on the rebuttable presumption and conclude it controls an investee, whereas the other investor could rebut the presumption and conclude that they do not control the investee. However, this circumstance has existed since the Standard was issued in 2009 and feedback has not highlighted a concern on this matter.
50. If an investor controls an investee not from voting rights, the rebuttable presumption will not apply because the rebuttable presumption is limited to investors that own the majority of the voting rights. The staff think it is for this reason respondents are asking for guidance on application of the rebuttable presumption where control is not derived from voting rights alone. The staff think that providing guidance, including examples, where necessary of when the rebuttable presumption can be rebutted will help SMEs in assessing control and facilitate consistent application.
51. A few respondents suggested that paragraph 9.5 of the Exposure Draft is amended to specify that the rebuttable presumption is only applicable when voting rights are the main factor in determining control. The staff think that the rebuttable presumption only applies when control exists through holding the majority of the voting rights. If voting rights are not the main factor in determining control, then the investor cannot rely on the presumption and will assess control applying paragraph 9.4B of the Exposure Draft. The staff suggest improving the drafting of the rebuttable presumption to clarify its application (see paragraph 44 of this paper).

Removing the rebuttable presumption

52. If the rebuttable presumption was to be removed and the definition of control aligned with IFRS 10, control would be assessed based on the definition of control as the single basis for consolidation.

53. Assessing control requires judgement (as discussed in paragraph 47 of this paper). Removing the rebuttable presumption will require SMEs to assess all the elements of the definition of control in paragraph 9.4B which involves judgement.

Staff conclusion

54. The staff think removing the rebuttable presumption contradicts the simplicity principle because SMEs with simple transactions where control is obtained from voting rights will have to assess all the elements of the definition of control for all investments in subsidiaries regardless of whether the transaction is simple or complex.
55. The staff recommend that the rebuttable presumption is retained because it meets the alignment principles of relevance, simplicity and faithful representation. Furthermore, the staff recommend that wording of the rebuttable presumption is updated to clarify its interaction with the control model (paragraph 9.4B of the Exposure Draft) with illustrative examples, if necessary.

Staff recommendation

56. The staff recommend the IASB retains and updates the rebuttable presumption in paragraph 9.5 of the *IFRS for SMEs* Accounting Standard.

Question 1—Retention of the rebuttable presumption

1. Does the IASB agree with the staff recommendation in paragraph 56?

Disclosure

57. The staff agree with those respondents that suggested that disclosing when an investor has applied the rebuttable presumption will provide useful information to the users of SMEs' financial statements. The staff recommend that paragraph 9.23(b) of the Standard is updated to use the wording in paragraph 7(a) of IFRS 12. Therefore, an SME would be required to disclose information about the significant judgements and assumptions it has made in determining that it has control of an investee. This

includes judgements made when the SME has applied the rebuttable presumption and when the SME has rebutted the presumption.

Staff recommendation

58. The staff recommend the IASB updates the disclosure requirement in paragraph 9.23(b) of the Standard to use the wording in paragraph 7(a) of IFRS 12.

Question 2—Disclosure

2. Does the IASB agree with the staff recommendation in paragraph 58?

Other matters raised by respondents in relation to the definition of control

59. A few respondents asked the IASB to add guidance on what ‘current ability’ means (see paragraph 27 of this paper). ‘Current ability’ is used in paragraphs 9.4D–9.4F of the Exposure Draft, to explain how an investor has power over the investee. ‘Current ability’ is not included in the list of defined terms in Appendix A of IFRS 10. However, it is explained in Appendix B of IFRS 10 as ‘currently exercisable’ including illustrative examples.
60. Paragraph 9.6 of the Standard requires voting rights to be considered if they are currently exercisable. The staff think that the term ‘current ability’ in the context of explaining the ‘power’ element of control is not a new concept for SMEs.
61. A few respondents said the concept of ‘substantive right’ should be included in the Exposure Draft (see paragraph 27). In the staff’s view, the concept of ‘substantive right’ is included in the Exposure Draft. In applying the simplicity principle, instead of referring to ‘substantive right’ an explanation of the term, that is the practical ability to exercise the right, is included in paragraph 9.6 of the Exposure Draft as follows:

When assessing control, an investor considers its potential voting rights as well as potential voting rights held by other parties, to

determine whether it has power. Potential voting rights are usually currently exercisable rights to obtain voting rights of an investee, such as those arising from convertible instruments or options, including forward contracts. Those potential voting rights are considered only if the holder has the practical ability to exercise that right.

Additional guidance

62. The IASB decided at its September 2023 meeting to either update the *IFRS for SMEs* educational modules that support the Standard or provide similar comprehensive educational material.⁶
63. The staff agree SMEs will need guidance to enable them to apply the control model that is aligned with IFRS 10. In assessing which guidance to add, the staff will consider guidance in IFRS 10 and Appendix B of IFRS 10 that is relevant for SMEs and will assist SMEs in applying the requirements. The staff recommend dealing with the requests for guidance when updating the educational modules supporting the Standard.
64. The staff recommend that the relevant guidance from:
 - (a) IFRS 10 should be included in the Standard; and
 - (b) Appendix B of IFRS 10 should be in the educational modules.

This is because guidance in Appendix B of IFRS 10 expands on the principles in IFRS 10 and provides illustrative examples to support application of IFRS 10.

65. The staff is conducting outreach on the relevance of the guidance on ‘de facto agent’ in paragraph B73–B75 of Appendix B of IFRS 10 for SMEs. A survey has been sent to SMEIG members.

⁶See [Agenda Paper 30C: Approach to providing educational material on the Standard](#) of the September 2023 meeting and [IASB update](#).

Next steps

66. The staff will bring a paper to a future IASB meeting on investment entities for further consideration.

Appendix—extract from the Basis of Conclusions on the Exposure Draft

A1. The following extract summarises the considerations of the IASB when developing the proposals for the alignment of Section 9 of the *IFRS for SMEs Accounting Standard* with IFRS 10.

Section 9 *Consolidated and Separate Financial*

BC52. In the first comprehensive review of the Standard, the IASB consulted with stakeholders on aligning the definition of control and the guidance on its application in Section 9 *Consolidated and Separate Financial Statements* with IFRS 10 *Consolidated Financial Statements*, but decided not to align, because IFRS 10 had only recently become effective.

BC53. The definition of control in Section 9 was aligned with the definition in IAS 27 *Consolidated and Separate Financial Statements* when the IASB developed the Standard and included some of the requirements in SIC-12 *Consolidation—Special Purpose Entities*. IFRS 10 replaced the requirements in IAS 27 and SIC-12 with a control model as the single basis for consolidation.

BC54. The IASB completed its Post-implementation Review of IFRS 10 in June 2022 and concluded that IFRS 10 is working as intended. The Post-implementation Review was undertaken simultaneously with the second comprehensive review. Therefore, the IASB considered the evidence from the Post-implementation Review to help it develop the proposals in the Exposure Draft.

BC55. The IASB had already judged consolidated financial statements to be relevant to SMEs by including a section on this topic in the Standard. Therefore, in the Request for Information, the IASB asked whether aligning the definition of ‘control’ and using that definition as the single basis for consolidation (control model) would facilitate greater consistency between financial statements prepared applying the Standard.

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- BC56. Many respondents to the Request for Information agreed with aligning the definition of ‘control’ with IFRS 10. The IASB agreed with respondents that the definition of ‘control’ is important, and that alignment would facilitate greater consistency between financial statements prepared applying the Standard. In applying its faithful representation principle, the IASB referred to its conclusion in the Post-implementation Review that IFRS 10 is working as intended, which provided evidence that using the control model as the single basis for consolidation improves faithful representation. Therefore, the IASB is proposing to align the definition of ‘control’ in Section 9 with that in IFRS 10.
- BC57. In applying its simplicity principle, the IASB observed that using the control model as the single basis for consolidation is itself a simplification. The IASB acknowledges the feedback on the Post-implementation Review that assessing control requires judgement. The extent of the judgement required depends on the complexity of the transaction and can, sometimes, be significant. However, some respondents to the Request for Information said entities that apply the Standard rarely engage in complex transactions.
- BC58. The IASB also agreed with many respondents’ views on retaining the rebuttable presumption in paragraph 9.5 of the Standard and updating it to state that control is presumed to exist when the parent entity owns, directly or indirectly through subsidiaries, a majority of the voting rights of an entity. The rebuttable presumption is a simplification to the control model. The IASB is of the view that retaining the rebuttable presumption will continue to ease the application of the control model.