Tentative Agenda Decision and comment letters: Control Assessment for a Single-investor Fund (IFRS 10)

The IFRS Interpretations Committee (Committee) discussed the following matter and tentatively decided not to add a standard-setting project to the work plan. The Committee will reconsider this tentative decision, including the reasons for not adding a standard-setting project, at a future meeting. The Committee invites comments on the tentative agenda decision. All comments will be on the public record and posted on our website unless a respondent requests confidentiality and we grant that request. We do not normally grant such requests unless they are supported by good reason, for example, commercial confidence.

Tentative Agenda Decision

Open for comment until 9 September 2026

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 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.

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

Question

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

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.

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

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.

The deadline for commenting on the tentative agenda decision is **9 September 2026**. The Committee will consider all comments received in writing by that date; agenda papers analysing comments received will include analysis only of comments received by that date.

Note: Please ensure you upload your comment letter as an editable PDF (at least one file must be uploaded). We do not accept Word documents, which will fail to upload. Please also ensure there are no periods or other reserved characters in the file name because these will cause an error.

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