

IFRS 10 Consolidated Financial Statements— Basis for Conclusions (Abridged)

This Basis for Conclusions accompanies, but is not part of, IFRS 10.

Following is text from the IASB's Basis for Conclusions on IFRS 10 necessary to understand the amendments for the Annual Improvements to IFRS Accounting Standards—Volume 11, issued by the IASB in July 2024.

Assessing control

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Relationship with other parties

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De facto agent (2024 amendments)

BC146A In July 2024, the IASB issued *Annual Improvements to IFRS Accounting Standards—Volume 11*, which amended paragraph B74 to resolve an inconsistency between paragraphs B73 and B74.

BC146B Stakeholders informed the IASB that the requirements in paragraphs B73 and B74 could have been contradictory in some situations. Paragraph B73 refers to 'de facto agents' as parties acting on the investor's behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of paragraph B74 used more conclusive language by stating that a party *is* a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf.

BC146C Therefore, the IASB amended paragraph B74 to use less conclusive language and to clarify that the relationship described in paragraph B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent. In the IASB's view, the amendments resolve the inconsistency with the requirement for an entity to use judgement in paragraph B73. The IASB observed that paragraph B75 includes a list of examples of other parties that might act as de facto agents for the investor.

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