

# IFRS 10. Key Definitions

## **Key definitions:**

### **Consolidated financial statements**

The financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

### **Control of an investee**

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### **Investment entity**

An entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

### **Parent**

An entity that controls one or more entities.

### **Power**

Existing rights that give the current ability to direct the relevant activities.

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## **Protective rights**

Rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

## **Relevant activities**

Activities of the investee that significantly affect the investee's returns.

### **Reference:**

Deloitte, Standards. IFRS 10 Financial Instruments.

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