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| FRD 100 |  |  | Financial Reporting Directions – framework (April 2022) |
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| Purpose |  |  | Financial Reporting Directions aim to:   * prescribe the accounting treatment and disclosure of financial transactions in circumstances where there are choices in accounting treatment, or in the absence of guidance and/or requirements in existing accounting pronouncements; and * achieve consistency and improved disclosure in financial reporting for Victorian public sector entities by eliminating and/or reducing divergence in accounting practices. |
| Application |  |  | Financial Reporting Directions are applicable to all entities defined as either a public body or a department under section 3 of the *Financial Management Act 1994*, unless otherwise stated. |
| Operative date |  |  | Financial Reporting Directions shall apply from the operative date as specified in the direction. Transitional provisions, where necessary, shall also be specified in the direction for the initial application of a Financial Reporting Direction.  *FRD 100A Financial Reporting Directions – framework* is renamed to *FRD 100 Financial Reporting Directions – framework* effective 1 April 2022*.* |
| Requirements |  |  | Compliance with Financial Reporting Directions is mandatory and shall be consistently applied in the preparation and presentation of an entity’s annual report.  To assist users in identifying the areas for mandatory compliance, the directions presented in bold, black text shall be complied with, and grey text in grey are guidance in nature. |
| Relevant pronouncements |  |  | All Financial Reporting Directions adopt and apply Generally Accepted Accounting Principles (GAAP) terminology and meaning. Financial Reporting Directions shall be read and used in conjunction with:   * financial reporting requirements of the *Financial Management Act 1994*; * pronouncements issued by the Australian Accounting Standards Board; * *Framework for the Preparation and Presentation of Financial Statements*; * Australian Equivalents to International Accounting Standards and Urgent Issues Group Interpretations including those as listed in AASB 1048; * pronouncements of other national accounting standard setting bodies that use a similar conceptual framework; * other accounting literature; and * accepted industry practices to the extent that they do not conflict. |
| Structure of the Financial Reporting Directions |  |  | Where applicable, each FRD shall contain **some** or **all** of the following sections:  ***Purpose*** (short description of objective/aim of FRD);  ***Application*** (mandatory in nature – directs applicable entities);  ***Requirements*** (mandatory in nature – directs reporting and disclosure requirements);  ***Operative date*** (mandatory in nature – directs applicable reporting periods and any legislative changes);  *Definitions* (defines relevant terminology);  *Guidance* (assists in compliance to promote consistency and best practice and serves to explain and clarify the underlying principles and objectives of the direction and provide any relevant information to enable the user to interpret the requirements in the correct context);  *Relevant Pronouncement*s (lists relevant authoritative accounting pronouncements);  *Background* (this is an explanatory section, which seeks to provide the user with an understanding of the basis for conclusion and relevant previous history); and  *Other headings* specific to the issue covered by the FRD.  An example of the structure of an FRD is set out in Appendix A. |
| Background |  |  | Pursuant to section 8 of the *Financial Management Act* *1994*, the Minister for Finance has the authority to issue directions in relation to financial administration issues. Financial Reporting Directions are a form of these directions, which deal specifically with financial reporting issues for Victorian public sector entities. |
|  | 1. = | 7.2 | This FRD was revised in:   * June 2016 to remove the first-time adoption requirements, as they are no longer required. The ‘Model for Disclosure within Financial Report’ section was also removed as all disclosure illustrations of FRDs are included in the *Model Report for Victorian Government Departments*. |

# Appendix A – FRD template

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| FRD # |  |  | FRD title |
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| Purpose |  |  | Add text here |
| Application |  |  | Add text here |
| Operative date |  |  | Add text here |
| Requirements |  |  | Add text here |
| Definitions |  |  | Add text here |
| Guidance |  |  | * Add text here (or delete rows as necessary) |
| Relevant pronouncements |  |  | * AASB # Title (Month Year) |
| Background |  |  | * Add text here (or delete rows as necessary) |
| Any additional headings |  |  | Add text here |