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| FRD 7 |  |  | Early adoption of authoritative accounting pronouncements (April 2022) |
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| Purpose |  | 1.1 | To prescribe the requirements and provide guidance regarding early adoption of an authoritative accounting pronouncement. |
| Application |  | 2.1 | Applies to all entities defined as either a public body or a department under section 3 of the *Financial Management Act* *1994*. |
| Operative date |  | 3.1 | Reporting periods commencing 1 July 2015. |
|  |  | 3.2 | FRD 7B *Early Adoption of Authoritative Accounting Pronouncements* is renamed to FRD 7 *Early Adoption of Authoritative Accounting Pronouncements* effective 1 April 2022. |
| Requirements |  | 4.1 | An entity must not early adopt an authoritative accounting pronouncement such as an Australian accounting standard and Urgent Issues Group Consensus View except in rare circumstances where early adoption is appropriate, subject to approval as outlined below. |
|  |  | 4.2 | An entity must obtain approval from the Assistant Treasurer prior to the early adoption of a pronouncement (refer to Procedure below). |
|  |  | 4.3 | Where an entity is permitted to early adopt a pronouncement, it must apply all the requirements of the pronouncement. Consequently, an entity must not selectively apply sections of a pronouncement. |
| Procedure |  | 5.1 | An entity must, in writing, seek the Assistant Treasurer’s approval to early adopt an accounting pronouncement and include the following information in its request:  nature and reason for the early adoption; and  a comparison of the financial effects of applying the existing pronouncement and the early adoption. |
|  |  | 5.2 | The request should be forwarded to the Director, Budget and Financial Management, DTF, at least one month prior to the commencement of the relevant reporting period. |
|  |  | 5.3 | In certain circumstances the Assistant Treasurer may direct the general early adoption of an authoritative pronouncement. |
| Background |  | 6.1 | AASB 1 *First‑time Adoption of Australian Equivalents to International Financial Reporting Standards* paragraph 8 permits an entity to apply a new Standard that is not yet mandatory if that Standard permits early application. However, it is noted that the early adoption of a pronouncement prior to consultation and approval may result in inconsistent application and/or non‑compliance with the required accounting policies and financial reporting requirements across the Victorian public sector. |
|  |  | 6.2 | This FRD was revised in:  January 2016 to remove references to FRD 101 *First Time Adoption* and AASB 1 *First‑time Adoption of Australian Equivalents to International Financial Reporting Standards* as all Victorian public sector entities have completed the transition to Australian Equivalents to International Financial Reporting Standards.  April 2022 to update references from the Minister for Finance to the Assistant Treasurer. |