

Scope and Applicability

This Capitalization Policy applies to all departments and entities under the **organizationâ€™s jurisdiction**, including subsidiaries, offices, and branches, unless specifically exempted in writing.

This policy outlines the criteria for determining which expenditures are to be capitalized as fixed assets and which are to be expensed in the period incurred.

The policy covers the acquisition, enhancement, and disposal of tangible and intangible assets, with a focus on items such as property, plant, equipment, software, and significant improvements that extend asset life or value. It is applicable to all purchases exceeding the minimum capitalization threshold set forth in this document.

This policy does **not** apply to expenditures related to inventory, normal repairs and maintenance, or items with an estimated useful life of less than one year or that fall below the established capitalization limit. Exceptions to this policy must be approved in advance by the Finance Department.

Important Notes

- This document should be reviewed periodically for regulatory compliance.
- Exceptions or deviations require formal approval from management.
- Consistency in application ensures accurate financial reporting.
- Staff must be trained on policy details to reduce misclassification errors.