

Capitalization Policy for Company-Owned Tangible Property

Purpose

These guidelines shall be observed by the management and staff of _____, who are directly concerned with the accounting and management of company-owned tangible property, in relation to all transactions related to the acquisition, maintenance, sale or other final disposition of such property. This accounting policy establishes the minimum cost that shall be used to determine the capital assets that are to be recorded in the accounting records.

Capitalization Policy

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of \$_____ or more. Capital Assets will be capitalized and depreciated over their useful life. All tangible property expenditures with an acquisition or production cost under the stated threshold are to be charged to the expense accounts. This policy does not apply to land and property intended to be included in inventory.