

	POLICY	DOCUMENT ID	
	ASSET CAPITALIZATION POLICY	PO-FIN-CORP-002	
		PAGE	REVISION DATE
		1 OF 4	16-MAY-2025

ASSET CAPITALIZATION POLICY

Approved by: Tim Workman, VP Financial Planning & Analysis and Corporate Controller

16-MAY-2025

PRINTED COPIES OF THIS DOCUMENT ARE CONSIDERED UNCONTROLLED/INFORMATION ONLY COPIES. THE CONTROLLED VERSION IS LOCATED ON CEDA'S INTRANET. THIS DOCUMENT MAY NOT BE COPIED OR REPRODUCED IN ANY FORM WITHOUT THE EXPRESS WRITTEN CONSENT OF CEDA.

	POLICY	DOCUMENT ID	
	ASSET CAPITALIZATION POLICY	PO-FIN-CORP-002	
		PAGE	REVISION DATE
		2 OF 4	16-MAY-2025

TABLE OF CONTENTS

1. Purpose	3
2. Scope.....	3
3. Accountabilities	3
4. Asset Capitalization Measurement.....	3
5. Componentization	4
6. Asset Betterments (Capital Repairs & Improvements).....	4
7. Supporting Documents	4
8. Interpretation and Updating.....	4
9. Revision Record	4

PRINTED COPIES OF THIS DOCUMENT ARE CONSIDERED UNCONTROLLED/INFORMATION ONLY COPIES. THE CONTROLLED VERSION IS LOCATED ON CEDA'S INTRANET. THIS DOCUMENT MAY NOT BE COPIED OR REPRODUCED IN ANY FORM WITHOUT THE EXPRESS WRITTEN CONSENT OF CEDA.

	POLICY	DOCUMENT ID	
	ASSET CAPITALIZATION POLICY	PO-FIN-CORP-002	
		PAGE	REVISION DATE
		3 OF 4	16-MAY-2025

1. Purpose

- 1.1 This policy is to provide guidance on the costs that are eligible for capitalization as a long-term asset.

2. Scope

- 2.1 This procedure applies to all service lines and groups within the CEDA group of companies.

3. Accountabilities

- 3.1 The authority to make capital acquisitions will follow the Delegation of Authority policy.
- 3.2 Assets may only be capitalized when accompanied by an approved Authorization for Expenditure (AFE) form
- 3.2.1 If actual costs are greater than the approved AFE, then the AFE must be re-approved for the additional costs. Re-approval is not required when the cost overage is less than:
- \$10,000, or;
 - 10% of the original AFE value

4. Asset Capitalization Measurement

- 4.1 As per ASPE Section 3061.04-.13 property plant and equipment shall be recorded at cost. Cost may include:
- Purchase price
 - Installation costs
 - Freight charges
 - Direct construction or development costs, including materials and labour
- 4.2 CEDA's internal policy for capitalization requires total costs incurred to be greater than \$5,000. This \$5,000 requirement may consist of:
- Purchase of a single asset
 - Multiple identical assets purchased together aggregating at least \$5,000
 - Combined third party purchases, parts & materials and labour costs on a single asset aggregating at least \$5,000
- 4.3 As per ASPE section 3061.03 (a), major spare parts qualify as property, plant and equipment when the part is expected to be used during more than one period. Engines and pumps may be considered as major spare parts for CEDA, but items like tires, etc., would be considered as inventory instead.

	POLICY	DOCUMENT ID	
	ASSET CAPITALIZATION POLICY	PO-FIN-CORP-002	
		PAGE	REVISION DATE
		4 OF 4	16-MAY-2025

5. Componentization

- 5.1 CEDA owns many assets that can be divided into components and attached to other assets. In any situation where a component can be removed from one asset and attached to a different one, the components should be set up as individual assets. Examples for CEDA include, but are not limited to:
- Recording 2 assets for heavy duty fleet: i) tandem truck & ii) trailer
 - Recording major dredge components separately, such as
 - Hull
 - Main Engine
 - Pump
 - Back-up engine, etc.

6. Asset Betterments (Capital Repairs & Improvements)

- 6.1 As per ASPE section 3061.14, costs incurred to enhance the service potential of an item or property, plant and equipment is eligible for capitalization as a betterment. Service potential may be enhanced when:
- There is an increase in physical output or service capacity
 - Associated operating costs are lowered
 - The useful life is extended
 - Quality of output is improved

7. Supporting Documents

7.1

Document Name	Document Identification	Revision
Delegation of Authority	PO-FIN-CORP-001	October 21, 2024

8. Interpretation and Updating

- 8.1 The Vice President, Financial Planning & Analysis and Corporate Controller is responsible for any interpretation and updating this procedure.

9. Revision Record

Revision Date	Section Affected	Changes Made

PRINTED COPIES OF THIS DOCUMENT ARE CONSIDERED UNCONTROLLED/INFORMATION ONLY COPIES. THE CONTROLLED VERSION IS LOCATED ON CEDA'S INTRANET. THIS DOCUMENT MAY NOT BE COPIED OR REPRODUCED IN ANY FORM WITHOUT THE EXPRESS WRITTEN CONSENT OF CEDA.