

1. Purpose

Establish general guidelines on the accounting treatment for the recognition of pre-payments and their presentation in the financial statements.

2. Scope

This policy applies to the associates of the Comptrollership areas, responsible for the accounting record of pre-payments in all Grupo Bimbo subsidiaries.

3. Definitions

Pre-Payments: These represent payments made for services to be received or goods to be consumed for the exclusive use of the company and whose purpose is NOT to be sold or used in the production process (e.g. inventories in transit of raw materials or finished products). These payments constitute, for the most part, a right and when recognized they generate benefits or avoid future disbursements. They also represent expenses that will be applied to results in the future.

4. Responsibilities

Global Comptrollership Department: Maintain this policy, keep it up to date and ensure that operations comply with the established accounting content and treatment.

Comptrollers of each subsidiary: Comply with this policy and monitor compliance in all areas of responsibility.

5. General Guidelines

The principal pre-payment concepts are:

- Property taxes and/or duties paid before they are accrued.
- Premises or equipment rents paid before the right of use is being enjoyed.
- Insurance and bond premiums paid for periods that have not yet accrued.
- Royalties paid before accrual.
- Interest paid in advance.

Recognition and measurement

Pre-payments should be:

- Valued at historical cost.
Applied to results in expense accounts on an accrual basis, that is, in the period during which the goods are received or consumed, the services are performed, or the benefits of the payment made in advance are obtained.
- Charge to income statement, for the unapplied amount of goods and services that have lost the right to be received or accrued, in the period in which this occurs.

Presentation

Pre-payments should be presented in current assets in the financial position statement, when the period of future benefits is less than one year; however, there may be pre-payments for periods longer than one year, in which case, such portion should be classified as a non-current asset, in the other assets category.

Pre-payments for goods should be presented as part of pre-payments, in the short or long term, depending on the classification of the destination item [e.g. advances for purchases of property, plant, machinery and

equipment should be presented as part of non-current assets (fixed assets-construction-in-progress); advances to suppliers for the acquisition of inventories should be presented as current assets under this section].

6. Responsibility / Ownership

The Global Controllershship Department is the assigned owner of this policy and is primarily responsible for its contents, updating, monitoring of its compliance and submission for approval before the Global Internal Control and Risk Management Department, the Steering Committee, and CEO.

7. Updates

The changes implemented in between versions are described below.

Revision / History revision				
Version	Revision Date	Updated by	Approved by	Main Changes
1				