

## **Radian Research, Inc.**

### **Capital Asset Acquisition Policy**

**Scope:** To provide the process for the authorization, acquisition and identification of all capital assets.

#### **Definitions:**

**Capital asset**—Any asset with a value of \$1,000 or more and having a useful life of one or more years. All desktops, laptops, printers, and servers, regardless of cost must be authorized and tagged per this policy, but purchases under \$1,000 will not be capitalized or added to the fixed assets list. The desktops, laptops, printers, and servers should be tracked on a separate list for informational purposes only.

**Forms required:** Capital Authorization Form.

#### **Procedure:**

- Complete the Capital Authorization Form, attach the purchase order reacquisition, and obtain the necessary signatures.
- Give the original copy of the Capital Authorization Form to Accounting, who will keep the form in a capital asset file. Accounting will then return a copy to the originator of the request and provide a copy to purchasing who will in turn place the order.
- All receipts, packing lists and invoices must be routed to Accounting. Accounting will then post the invoice to projects in progress, which must be reconciled monthly.
- When the project is completed or the purchased item is placed in service, Accounting will transfer the item from projects in progress to the appropriate asset account, add the item to the fixed asset list, and provide a fixed asset identification tag(s) to be applied to the asset.

#### **Asset Lives (all assets depreciated using the straight-line method):**

- PC and related – 3 years
- Servers – 5 years
- Software – 5 years
- Demo Equipment – 7 years
- Test and calibration equipment – 5 years
- Manufacturing/lab equipment – 7 years
- Office furniture – 7 years
- Building improvements – 20 years (may vary on a case by case basis)
- Land improvements – 20 years (may vary on a case by case basis)