

**Capital Expenditure Request & Business Case Worksheet
Instructions**

The Capital Expenditure Request form is required for all capital asset (\$5,000 or greater) purchases where title will belong to MCNC. **This form is not required for purchases where title will pass to the customer.** Proposals of \$100,000 or more require a higher level of justification and approval (see Capital Expenditure Request and Major Project Proposal Procedure).

Capital Expenditure Request Worksheet:

1. Complete information at top of form (project name, et al). The project name will automatically be entered on the Business Case Financials and Depreciation worksheets.
2. Complete the executive summary. Provide enough detail for the reviewers to understand the nature of the acquisition, why it is necessary, how it will benefit MCNC, the project schedule and financial impact. Also, discuss risks and urgencies and alternatives considered. If the space on the form is insufficient, you may make reference to a supporting write-up and attach it separately. A Word document is recommended. Refer to Capital Expenditure Request and Major Project Proposal Procedure for information requirements for proposals of \$100,000 or more.
3. Nature of Expenditure - check the appropriate box or boxes to indicate the type of purchase.
4. Project Financials - most of the information in this section is brought forward automatically from the Business Case Financials worksheet. Enter the useful life of the project or equipment and any headcount changes that will result from this project. The useful life in this section is used by the depreciation worksheet to determine the depreciation rate. Also, indicate in the appropriate space whether the cost was budgeted or not.

Business Case Financials Worksheet:

This worksheet should be used to summarize the financial impact of the project. In general, costs to acquire and install the asset should be entered in the Capital section in Year 0 and the Profit and Loss Impact should be summarized in Years 1 to 10 (depends on the life of the asset).

1. Revenue - over write the revenue stream lines to list each source of revenue resulting from the investment and enter the amounts in the appropriate years.
2. Headcount expenses - if additional headcount will be required for the project, enter salaries and other expenses directly related to the headcount. Payroll taxes and benefits are calculated automatically based on the salary amount entered.
3. Non-Headcount expenses - over write each line with a description of the type of expense to be incurred and enter the amounts in the appropriate years.
4. Depreciation - do not enter any amounts. Depreciation is automatically calculated and entered.
5. Cost Savings - if any cost savings will result, enter the nature of the savings and the amounts in the appropriate years.
6. Capital - enter the appropriate amounts for acquiring and installing the asset. Salvage value should be entered as a negative amount.
7. Net Cash Flow Impact - is automatically summarized by the spreadsheet.
8. Incremental Headcount - enter the number of full-time positions included in the salaries line under Headcount expenses.
9. Net present value, internal rate of return and the payback period are automatically determined and carried forward to the Capital Expenditure Request worksheet.

Depreciation Worksheet:

This worksheet requires no data entry. It takes the investment total and useful life from the other worksheets and automatically calculates depreciation expense for entry on the Business Case Financials worksheet.