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Treating research and development as a capital asset

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Presents work undertaken and some estimates of the productivity impact of R&D on business sector firms.

Treating research and development as an asset requires a number of important steps. The first step is to determine the components of research and development expenditure to be included as investment and then to translate those expenditure components into a National Accounts compatible format. The second step is the construction of appropriate deflators for research and development assets. The final step requires the estimation of appropriate depreciation rates for research and development capital. This article presents work undertaken by the Office for National Statistics on these three steps for the UK business sector and also some estimates of the productivity impact of research and development on business sector firms.

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The Full Text of this article can be found on the National Statistics website (http://www.statistics.gov.uk/elmr/02_07/downloads/ELMR02_07Edworthy.pdf).