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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
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# CIRD30110 - Intangible assets: GAAP: conformity with: accounts not intended to conform

## Practical considerations

### Introduction

The great majority of companies within the charge to CT are likely to draw up accounts intended to conform to GAAP. In the small number of cases

where accounts not intended to conform to GAAP are prepared the questions to be answered are:

- what accounting policies and estimation techniques are consistent with the standards specifically concerned with a company's intangible assets or transactions?

“and”

- which of those are most appropriate to the particular circumstances of the company?

### **Foreign accounting practice similar to GAAP**

An initial consideration here is whether the company has drawn up accounts under foreign accounting practice which is essentially similar to GAAP in the treatment of the type of intangible assets in question. If that is the case, then any adjustments to bring that treatment in line with GAAP are unlikely to be significant and as a practical matter it should be possible to follow the guidance which applies where accounts are in fact drawn up under GAAP, see [CIRD30120](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30120) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30120>).

Accounts drawn up under US Accounting Standards may fall into this category for some years, but as they are subject to change you should consult an HMRC advisory accountant to check their current status.

### **Foreign accounting practice diverges from GAAP**

In the absence of accounts of this kind it will be essential to achieve a direct understanding of the economics of the company's business and the environment in which it operates in order to determine what the relevant accounting entries in respect of the company's intangible assets should be under GAAP.

See also [CIRD30080 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30080\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30080) for the use of consolidated accounts in helping to establish the useful life or the economic value of an intangible asset.

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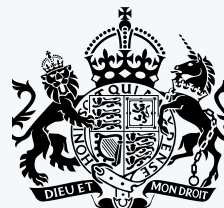
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