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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
([/government/organisations/hm-revenue-customs](#))

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[Back to contents](#) > [CIRD10000](#) > [CIRD12700](#)

CIRD12740 - Core computational rules: deductible debits: relief for capitalised expenditure on an intangible asset: acquired as part of a larger bargain: just and reasonable apportionment CTA09/PART8/S856 (4)

**Circumstances where GAAP acquisition
accounting not followed**

In some circumstances the company acquiring them may not have attempted an exercise of allocating fair values to individual assets acquired together in accordance with GAAP. This may be because:

- the assets acquired do not form a business entity and therefore the acquisition is outside the scope of the standards, or
- the company is not subject to UK accounting standards or IAS (see [CIRD30110](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30110) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30110>)).

Just and reasonable apportionment

In such cases the values to be allocated to intangible assets (or goodwill in cases a business entity is acquired) for the purposes of Part 8 are to be determined on a just and reasonable apportionment of the total consideration. The apportionment reflected in the accounting treatment actually adopted, so long as it is intended to show a true and fair view, will nevertheless often be acceptable. But in these circumstances, it is not decisive.

A just and reasonable apportionment will also be required where accounts that purport to allocate fair values to assets do not succeed in doing so.

The requirement that a just and reasonable apportionment should be made also applies to:

- the values to be used for corporation tax by the acquiring company in relation to the other assets purchased as part of the same bargain
- the values placed on assets within Part 8 in the tax computations of the company disposing of them

See the guidance in other manuals referred to in [CIRD12730](https://www.gov.uk/hmrc-internal-manuals/cird12730) ([https://www.gov.uk/hmrc-internal-](https://www.gov.uk/hmrc-internal-manuals/cird12730)

[manuals/corporate-intangibles-research-and-development-manual/cird12730](#)).

Where valuation of intangible assets is an issue see [CIRD10240](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10240>).

← **Previous page**
([/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12735](#))

→ **Next page**
([/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12745](#))



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