

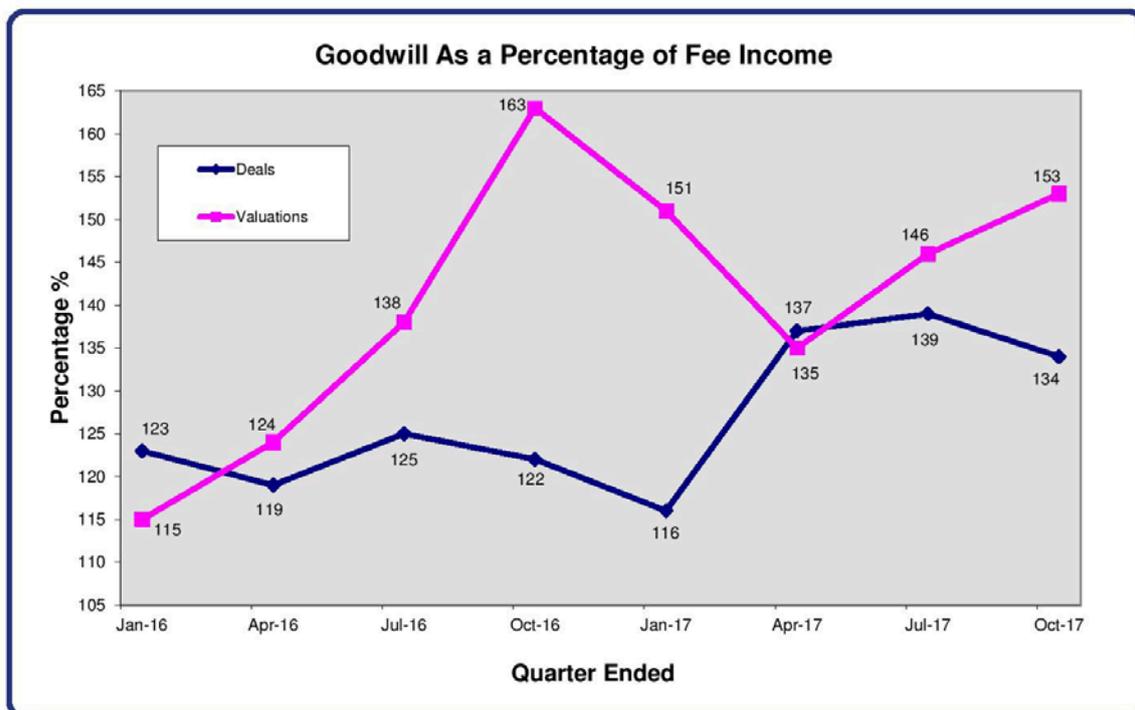


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Practice Goodwill Survey – NHS practice values remain high

The results of the most recent Practice Goodwill survey have just been released by The National Association of Specialist Dental Accountants and Lawyers (NASDAL). The sales market is still in robust form with NHS practices still commanding high values even though Private and Mixed practices may have seen a small fall back in terms of deals done.

NASDAL QUARTERLY GOODWILL SURVEYS



Valuations have continued to bounce back with an average goodwill value of 153% of gross fees – up from 146% in the previous quarter.

The UK has shown a mixed picture in this quarter. Ajay Patel, partner at Elan & Co LLP in London commented, “Dental practice acquisition and disposal remains buoyant in London and the South East, despite the gloom and doom predictions for the new contract, increase in borrowing costs and capping of NHS pay. With high values I see high gearing and an over optimistic view by acquirers in their own ability to develop and grow the practice. Many acquirers do insufficient financial due diligence work only to find that they are burdened with a practice in which most of their income goes towards servicing loans and reinvestment. High acquisition costs demand that any potential acquirer should consider carefully all financial aspects not only for the acquisition but also some years after acquisition.”

In Scotland, Cliff Fleming, partner at Condie & Co Chartered Accountants based in Fife said, “when it boils down to it, on average, valuations are some 23% higher than the average sale deal and I would say this is borne out by our experience in Scotland. Having said that, the deals done in Scotland do not appear, in my experience, to be so erratic and variable with most NHS dominant practices dealing at £1.15 to £1.25 /Gross Fees.”

Alan Suggett, specialist dental accountant and partner in UNW LLP who compiles the goodwill survey, added, “the practice sales market continues to achieve record highs and this shows no signs of changing – in the short-term at least. ”

The goodwill figures are collated from accountant and lawyer members of NASDAL on a quarterly basis in order to give a useful guide to the practice sales market. These figures relate to the quarter ending 31st October 2017.

NASDAL reminds all that as with any averages, these statistics should be treated as a guideline only.

ENDS

Note to editors:

NASDAL, the National Association of Specialist Dental Accountants and Lawyers, was set up in 1998. It is an association of accountants and lawyers who specialise in acting for and looking after the accounting, tax and legal affairs of dentists. It is the pre-eminent centre of excellence for accounting, tax and legal matters concerning dentists. Its members are required to pass strict admission criteria, and it regulates the performance of its members to ensure high standards of technical knowledge and service.

Alan Suggett, who compiles the NASDAL Survey, and Nick Ledingham, the Chairman of NASDAL, are both available for interview. To organise to speak to them or any other members of NASDAL for more information please contact Chris Baker.

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