The ‘magic’ ingredient essential for sales of incorporated dental practices

A simplified approach to the sale of incorporated dental practices is recommended by NASDAL member Russell Abrahams of Abrahams Dresden, who says that sales of dental limited companies can too easily become mired in complexity. When an incorporated dental practice is sold, he explains, a standard dental practice conveyance is combined with a company commercial transaction, featuring the most complex aspects of both.

The lawyer must contend with numerous financial adjustments and the accountant must wade through an 80 page Agreement looking for the financial nuggets. However, working with other lawyers, he has developed a system which “massively speeds up” the process.

He explains: “The solution is to pull all of the financial issues into a simple Net Asset Value adjustment schedule, with a pro forma balance sheet, which can easily be understood by the lawyer, the accountant and, most importantly, the client. Just like magic!”

Nick Ledingham, Chairman of NASDAL, commented: “Most dentists who have incorporated their practices have not been advised about the complexities and costs
when they come to sell their limited companies. Similarly, dentists purchasing a dental limited company don’t realise what an enormous amount of work is involved as compared to simply buying a non-incorporated dental practice.”

He said: “A simplified and logical approach, which massively speeds up the sale, is to be welcomed. The net result of Russell’s approach is a transaction supported by documents which make the process crystal clear.”

Meanwhile, said Russell, the number of incorporated dental practices continues to rise and he believes that the majority of practices will eventually be limited companies. Russell’s firm, Abrahams Dresden, completes around sixty practice sales/purchases each year.

There are other key issues to consider in relation to the sale of an incorporated practice, but preparing a pro forma balance sheet in advance is one of the most important steps to take.

**Note to Editors**

For more information, or to speak to Russell of Nick, please contact Caroline Holland on 020 8679 9595.