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NASDAL Annual Benchmarking Statistics – Costs Up and Profits Down

The latest NASDAL (National Association of Specialist Dental Accountants and Lawyers) Benchmarking Report for 2017-18 has just been released and shows a decrease of 3% in net profits for a typical dental practice. Whilst income for NHS and private practices has increased (although there was a slight reduction for mixed practices), there has been an increase in most expenses – notably Associates' costs and wages.

NHS practices have fared the worst having seen average total fee income per dentist drop from £181,804 in 2017 to £169,615 in this 2018 report.

Ian Simpson, Chartered Accountant and a partner in Humphrey and Co, which carries out the statistical exercise commented, "Although profits are down across all types of practices, it is clear that there is a big divide between private practices and those that are NHS and mixed. Private practices saw a reduction in profit of just 0.5% whereas both NHS and mixed practices saw reductions of around 10%. Interestingly, mixed practices typically have the highest level of fee income, but they also have the highest cost ratios."

Associates – BREXIT effect?

The report has also seen the first real rise in Associate profitability for many years. Associates have been used to their earnings flatlining for more than a decade but 2017-18 has seen that turn around. In some areas of the country (e.g. Cumbria and the North East) this will have been caused by Associates being in more short supply and thus their bargaining power increasing. There are a number of causes of this but it cannot be ignored that many EU qualified dentists have either returned home or retreated to the major conurbations.

Income has increased by more than 6% for Associates but this has only translated into a small net profit rise of just under £2,000 per annum as outgoing expenses have increased for Associates in the same way that they did for practices.

Nick Ledingham, of Morris & Co, Specialist Dental Accountants and Chairman of NASDAL observed, “It seems that the costs of running a dental practice are on the rise and that revenues have not yet increased to keep pace. It is important that dental practices take specialist advice so that they can understand and react to changes in their business situation.”

The annual Benchmarking Survey statistics are gathered from the accountant members of NASDAL across the UK who together act for more than a quarter of self-employed dentists. The statistics provide average ‘state-of-the-nation’ figures so NASDAL accountants can benchmark their clients’ earnings and expenditure and help them run their practices more profitably. The basis of the survey figures is 2018 tax returns and accounts with year ends up to 5 April 2018.

Alan Suggett, specialist dental accountant at UNW and NASDAL Media Officer added, “The NASDAL annual profit and loss benchmarking report is a unique and valuable tool which enables NASDAL accountant members to compare their practice owning clients with industry norms. It means that we help our clients really understand what is happening in their dental business.”

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.

The NASDAL benchmarking statistics are published annually in March and reflect the finances of dental practices and dentists for the most recent tax year. The NASDAL figures provide a detailed picture of dental practice finances, sourced directly from dentists working privately and in the NHS. The figures published by the Public Health England’s Information Centre later in the year reflect the income of NHS dentists only. NASDAL’s designation of practices as either private or NHS reflects that 80% of business income comes from that source. The sample size is 650 principals and limited companies, and 600 associates.

Nick Ledingham, Chairman of NASDAL, is available for interview. To organise to speak to him or any other members of NASDAL for more information please contact Chris Baker.

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