

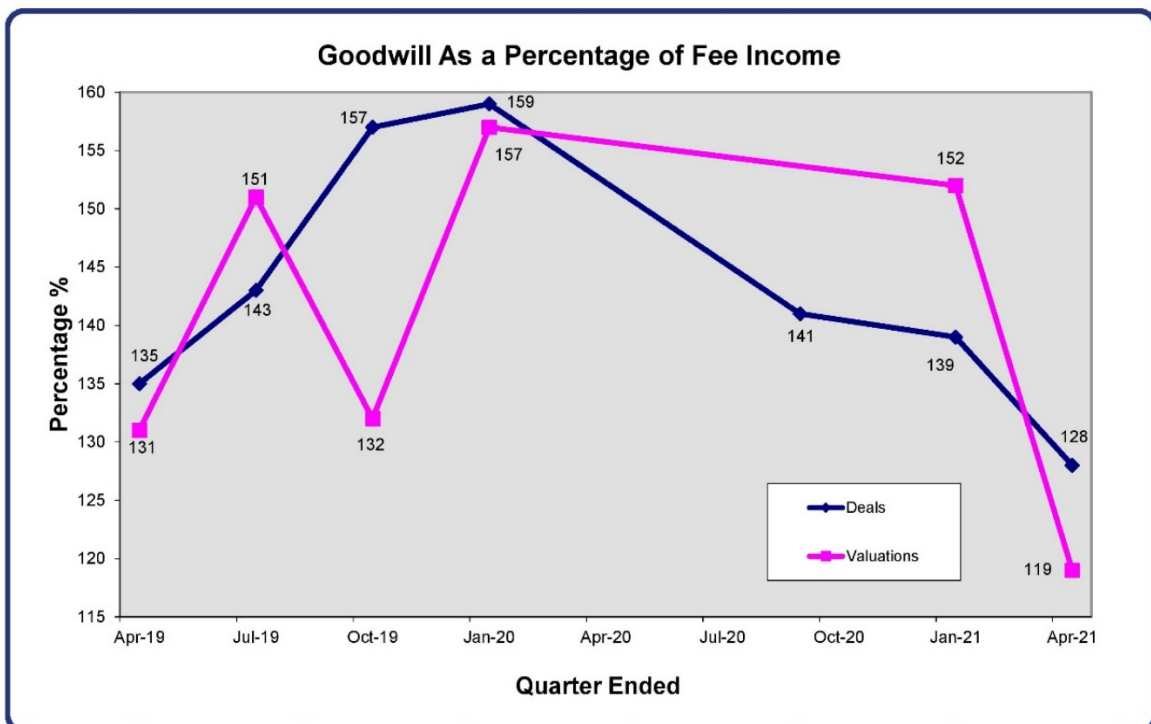


For immediate release

NASDAL Goodwill Survey – big fall in NHS practice values

This week saw the latest survey results published from the NASDAL (National Association of Specialist Dental Accountants and Lawyers) Goodwill statistics. This survey covers the quarter ending 30th April 2021 and includes data on valuations as well as deals done (i.e., practices bought or sold by NASDAL members’ clients in the period).

NASDAL QUARTERLY GOODWILL SURVEYS



Goodwill as a percentage of fee income in the quarter across all types of practice averaged 128% of gross fees – down from 139% in the quarter to January 2021. The big drop was in NHS practice goodwill – down from 191% of gross fees in the previous period to 146% of gross fees this time.

Private practices values stayed steady at 110% of gross fees compared to 114% of gross fees in the previous period. Mixed practices, which can be the most volatile of the three categories, saw quite a leap – up to 156% of gross fees compared with 110% last time.

More realistic valuations?

The graph also illustrates a big drop in valuations. Alan Suggett, specialist dental accountant and partner in UNW LLP who compiles the goodwill survey, said, “I wonder if the big drop in valuations has seen the dental valuation market catch up with the prices that are actually being paid and is just the market correcting itself.

“In regard to the big drop in NHS practice values, I would have to say that I am somewhat surprised by this. It has certainly not been my subjective experience. I have heard some raise concerns about the long-term effect of the Covid pandemic on the ability of NHS practices particularly to run profitably. While the virus was initially seen to be short-term and something that we might be over in a few months, banks were perhaps willing to lend on previous accounts and figures. As it rumbles on, less so.

“It does seem likely that from a dental perspective there will be longer term implications in regard to PPE, patient numbers, air filtration and so on. Whether this will hit NHS practices hard that needed a good level of patient throughput to be successful, only time will tell.”

The goodwill figures are collated from accountant and lawyer members of NASDAL in order to give a useful guide to the practice sales market. These figures relate to the quarter ending 30th April 2021.

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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