



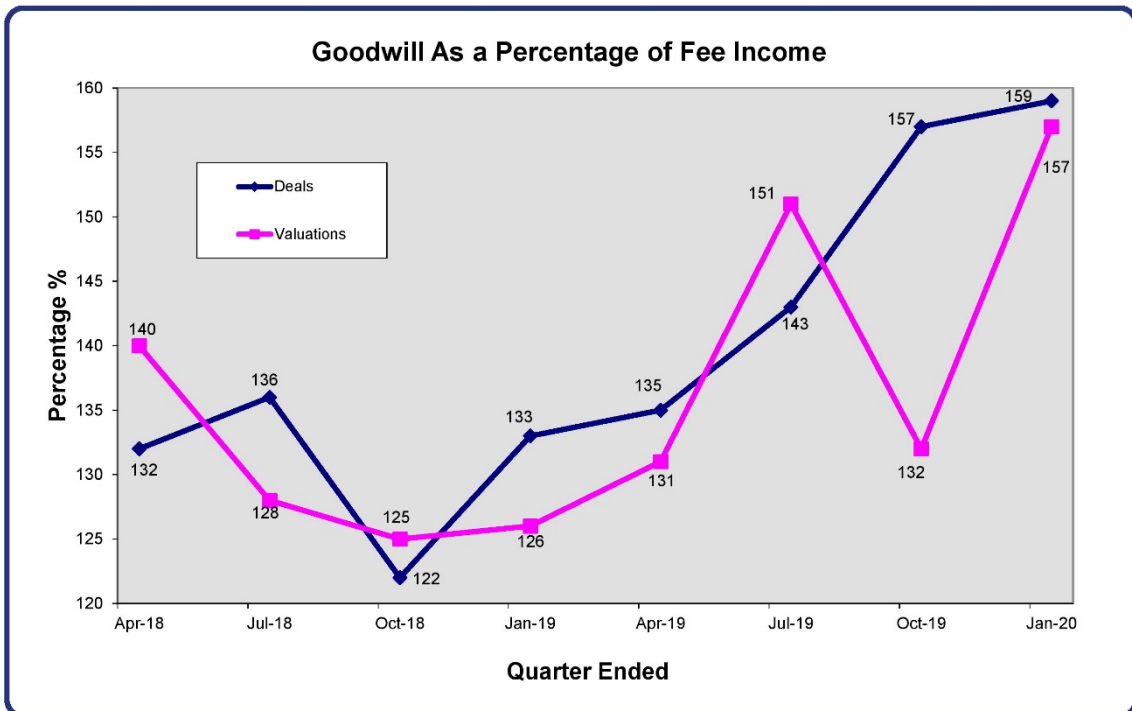
For immediate release

NASDAL Goodwill Survey – what happens next?

This week saw NASDAL (National Association of Specialist Dental Accountants and Lawyers) release their Goodwill Survey statistics – these statistics are normally produced on a quarterly basis and provide a useful snapshot of the dental practice sales market.

However, these are not normal times. Due to the Covid-19 pandemic, this week saw the delayed release of the figures for the quarter ending 31st January 2020.

NASDAL QUARTERLY GOODWILL SURVEYS



The survey for the quarter saw a small increase – again – in the goodwill as a percentage of fee income in deals done. This is the sixth quarter in a row that deals have risen – from a low of 122% of gross fees in quarter ending October 2018, to 159% of gross fees in this latest quarter.

Again, NHS practice values fell back a little – from 166% of gross fees in the previous quarter to 155%.

The quarter did see a big rise in valuations though – up from an average goodwill value of 132% of gross fees in the quarter ending 31st October 2019 to 157% of gross fees this time. Valuations of NHS, private and mixed practices were all up in the quarter with particularly big rises in the valuations of mixed and private practices.

What will happen next?

Alan Suggett, specialist dental accountant and partner in UNW LLP who compiles the goodwill survey, said, “It is fair to say that the most interesting part of this survey is effectively what it doesn’t show – that is what has happened since March 2020 and the advent of the Coronavirus pandemic. Following this, I think it is fair to say that the days of the spectacular corporate deals we have seen in recent years, are over.

“At NASDAL we obviously spend a good deal of time speaking with other professional service providers such as bankers, valuers, IFAs and so on; the prevailing view is that we are currently in a ‘marking time’ stage as everyone waits for normality to return. And, most do expect normality to return. The number of practice sales during the last few months has massively reduced and those that are being done are often seeing a substantial discount to go through.

“At present, most buyers are requesting a delay in the process. There is more uncertainty with regard to lender valuations, some valuers are valuing at pre Covid levels but based on the assumption of a longer sale period rather than the previously normal 6 months. Lenders are still happy to lend but they want more information such as up to date management accounts, or even vendor prepared cashflow forecasts.”

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 January 2020.

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.

For further information please contact Chris Baker on 0845 370 2211/07947 470896 or email chris.baker@coronadental.co.uk