

## **NASDA benchmarking stats 07/08**



### **Small profit reduction for NHS practices**

The changing nature of dental practice in England and Wales is reflected for the first time in the annual benchmarking exercise carried out by the National Association of Specialist Dental Accountants, NASDA.

The figures collected by NASDA accountants from annual tax returns relating to 2007/08 – which had to be submitted by January 31<sup>st</sup> 2009 - indicate that the practice is getting bigger and either employing more staff or generating more income through increased surgery time.

The 07/08 benchmarking statistics represent the end of the 2<sup>nd</sup> year of the NHS dental contract. Last year's figures included information relating to the pre-contract era making the latest figures the first which are fully representative of the 2006 contract. They show a small fall in profit for NHS practices, from £149k to £148k but an increase in annual profits in the private sector, from £131 to £137k.

Costs have gone up however and on average a private practice is now spending £250,000 on materials, laboratory bills, wages, direct costs, and overheads while NHS practices spend around £220,000, equivalent to 59 per cent and 65 per cent of practice fee income, respectively. Once again, the NASDA statistics show a considerable variation in the rate of Unit of Dental Activity with £24.38 being the average for practices and £16.20 the lowest. The average UDA rate for associates is £21.58.

NASDA is a grouping of 36 accountants who between them represent one fifth of dentists working in practice. Every year they produce a set of statistics based on a representative sample of 1000 of their clients as well as detailed benchmarking information.

Annual practice incomes are calculated by NASDA members who also compare the earnings of NHS and private dentists. Since the typical dentist still works in both systems, the dentist must have a bias of more than 80 per cent to fall into either the NHS or private category.

Ian Simpson, a partner in NASDA member Humphrey and Co, and responsible for the compilation of this year's figures, commented: "From what we are seeing, despite this small drop in profit, NHS practices are generally more profitable because they engage more associates."

"What we are also seeing are practices which are consolidating and operating more surgeries over longer hours or growing in size. This would appear to be the way that dentistry is going."

The annual NASDA press conference was chaired by Nick Ledingham, NASDA media spokesman, who said: "The most important use of the NASDA statistics will be to allow accountant members to use the detail behind the figures to benchmark the results from their clients' practices and thereby provide them with a greater understanding of their finances."

Nick also announced the results of NASDA's latest quarterly study of dental practice valuations and sale agreements, carried out by Alan Suggett, technical committee member. Based on goodwill as a percentage of fee income, the figure for both valuations and sale agreements, for the quarter ending January 31<sup>st</sup>, stood at 77 per cent. This compares with an average figure of 94 per cent for valuations and 83 per cent for deals for the quarter ending October 08.

**The National Association of Specialist Dental Accountants (NASDA) was formed in 1998 to promote high standards in dental accountancy and business advice. It now consists of around 36 firms throughout the UK. Members abide by the standards of the NASDA charter and meet twice a year to share information. To speak to a member in your area, call 0870 6010 230 or go to the website at [www.nasda.org.uk](http://www.nasda.org.uk)**

**For more information or for a copy of the NASDA press conference presentation, contact Caroline Holland on 020 8679 9595 or [caroline@carolineholland.eu](mailto:caroline@carolineholland.eu)**