

Fees up, profits down

Heidi Fowler outlines the latest practice statistics.

Each year the National Association of Specialist Dental Accountants produces a profits report summarising the results of a sample of their dental clients. They look at principals and associates and analyse income and expenditure.

Principals

The figures in the report represent accounts with year ends up to April 5, 2010 and the key results were as follows:

- The average total fee income generated per principal in a typical dental practice increased in 2010 to £390,072. This was an increase of £11,018 on the figure achieved in 2009, when the average total gross income per principal was £379,054.
- Despite the increase in fee income, due to the increased materials and staff costs, the average net profit has reduced from £141,835 to £139,569. The net profit for a practice is the gross profit less all the practice overheads, including staff and premises costs.
- The figures are based on a 'typical dental practice' which is calculated as an average of the results of NHS practices, private practices and mixed practices. The average net profits for the different types of practices can be seen in the table.
- UDA rates continue to be vastly different, the lowest in the survey being



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Type Of Practice	2010	2009
Typical practice	35.80%	37.40%
NHS practice	38.80%	40.40%
Private practice	34.60%	36.50%
Mixed practice	34.70%	36.10%

Table showing average net profits as a percentage of turnover:

£17.26 and the highest £41.63.

- With the increase in VAT rates and the expensive CQC registration, dentists will have to work harder to maintain their net profits over the next year.

Associates

Associates saw a reduction in their average gross earnings of around £2k. The average gross earnings are £84,648 per associate after deducting the payment to principal. The same

figure was £86,651 in 2009. As a result the average net profit per associate has reduced to £71,064 from £72,988 in 2009.

Despite the reduction in the associates average earnings, practices with associates' continue to be more profitable than those without. The average net profit per principal for a practice with associates is £148,408 compared to the average net profit per principal for a practice without associates which is £118,992.

Many practices are feeling squeezed in spite of rising fee incomes.



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