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### Dental practice goodwill on the up in last quarter

The average goodwill value of a dental practice increased by roughly 10 per cent in the first few months of 2011 according to the NASDA goodwill survey for the quarter ending April 30<sup>th</sup>. The deals struck between January and April of this year show that the average sale value has gone up from 84% to 97% of turnover.

This good news is not spread equally across the board, however, as NHS and mixed practices are faring better. The average NHS practice reached more than 103% of turnover while private practices fetched just over 90%. (NASDA define a private practice as one with an income of 80% or more from private fees).

Alan Suggett, a partner in unW LLP in Newcastle who carries out the NASDA goodwill survey, commented: "NHS practice values appear to be holding up in value, and so do mixed practices, but private practices are having a tougher time."

Alan added "I am still concerned that the market value of private practices is clouded by those practices which are "sticking". If practitioners are holding out for an unrealistically high sale price then the proportion of low value deals will be less, and the "average" could therefore be misleadingly high."

Russell Abrahams, a lawyer member of NASDA, said a private practice valued at more than £400,000 was, unless it was exceptional, virtually unsaleable. Although the economy generally appears to be recovering, private practices are seeing bigger gaps in their appointment books and this is reflected in goodwill values.

Meanwhile, Russell said, banks were becoming ever more reluctant to lend to dentists. One senior bank manager recently employed a traffic light analogy to illustrate the dramatic change in policy at his bank, saying that while property generally had gone from amber to green, dental lending had gone the other way, from green to amber.

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### **Note to editors**

The quarterly survey of dental practice goodwill values is carried out by Alan Suggett of specialist dental accountants unw LLP It uses figures collected from members of NASDA and NASDA's Lawyers Group. The aim of the survey is to extrapolate average values and pick up underlying trends to assist everyone in the dental profession involved in dental practice sales or purchases. The figures should not be used as evidence of an individual practice's value.

NASDA exists to promote high standards through the sharing of knowledge and expertise among specialist accountants and lawyers. The association consists of 40 accountants whose clients represent more than 20 per cent of the dental profession as well as a Lawyers' Group with 13 members

For more information on NASDA, call Caroline Holland on 020 8679 9595 or go to the website at: [www.nasda.org.uk](http://www.nasda.org.uk)

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