



For release: immediate

Financial Solvency – tests fundamentally flawed

The Financial Capability & Capacity (FC&C) tests that are required when tendering or retendering for contracts with NHSE (NHS England) under the “Dynamic Purchasing System” are ‘fundamentally flawed’. That’s according to NASDAL (The National Association of Specialist Dental Accountants and Lawyers) and Alan Suggett, specialist dental accountant and partner in UNW LLP.

“The solvency tests are flawed in their application to unincorporated businesses and most owner managed limited companies,” said Alan. “NHSE don’t (want to?) understand this and their stance is that they are just standard accounting tests that are easily calculated so where is the problem? The problem is that from our initial testing, around 90% of dental practices would fail the tests! As dental practices are regarded as one of the least risky sectors for business lending this is clearly ridiculous.”

“The tests are appropriate for larger entities such as the larger corporate groups. However, it would be a cynic that might suggest this is by design rather than accident. As the tests are of a technical accounting nature, it seems that nobody involved (dentists and NHS employees including public sector accountants) understands the issues – they are only apparent to accountants who act for owner managed dental practices.”

Alan continued, “NASDAL are working with the BDA to persuade NHSE that a cashflow forecast, supported if necessary by proof of deficit funding, is sufficient evidence of financial viability.”

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.

Nick Ledingham, the Chairman of NASDAL, is available for interview. To organise to speak to him or any other members of NASDAL for more information please contact Chris Baker.

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