

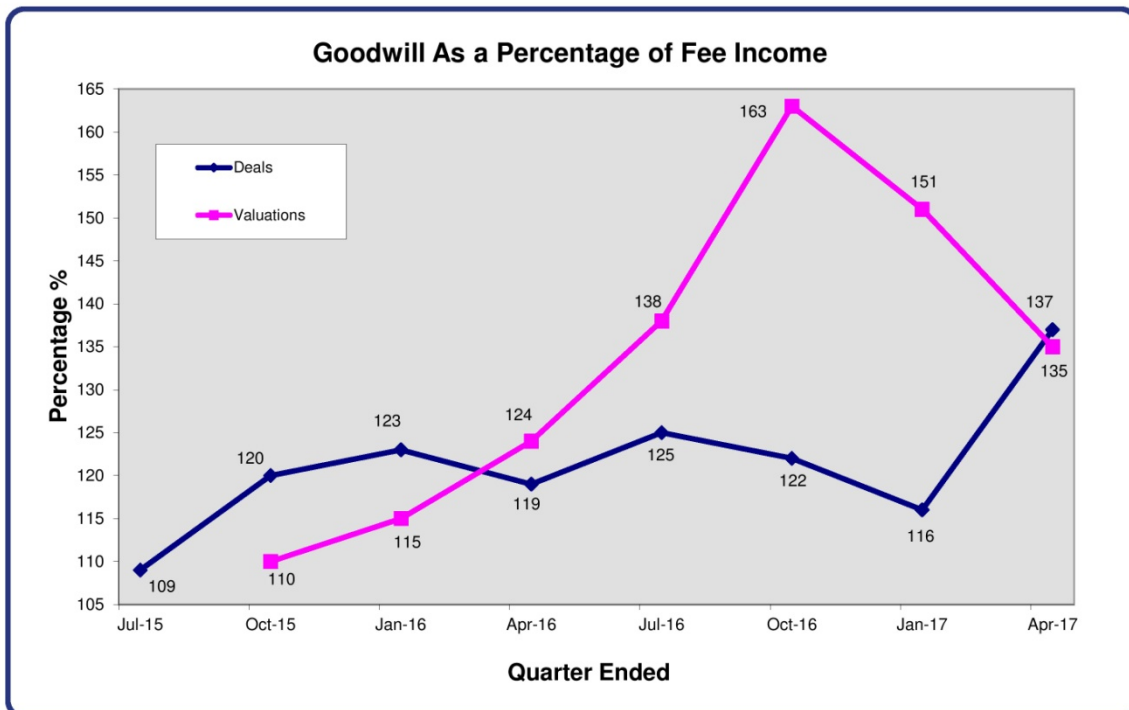


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Practice Goodwill values – the top of the market?

The National Association of Specialist Dental Accountants and Lawyers (NASDAL) have released the results of their latest goodwill survey and it does appear that following a number of years of impressive growth, there is now a levelling out of prices being paid.

NASDAL QUARTERLY GOODWILL SURVEYS



Alan Suggett, specialist dental accountant and partner in UNW LLP who compiles the goodwill survey, explained, "It certainly does appear that the 'boom' in the practice sales market may be on the wane. It is interesting to see the convergence of the valuations and deals done data – this could suggest that there is a realisation that prices are not going to continue to rise at the same rate. It is worth noting though that the market is still rising, if perhaps more slowly."

Ray Goodman, Managing Director of Goodman Grant Solicitors Ltd. added, "There are increasing numbers of new corporate buyers and private equity firms entering the market who will only pay what a practice is worth based upon a full and proper financial valuation. Whilst clearly there are instances where entrepreneurial young dentists will pay more to get the practice that they desire, the corporates won't and this has meant the market easing back a little."

The fact that there is more venture capital entering the market does illustrate that compared with other investments, dental practices are perceived to offer value even at these high levels."

As in recent times, NHS practices are continuing to attract significant premiums. In the quarter to 30th April 2017, NHS practices sold at an average of 165% of goodwill as a percentage of fee income, compared with the overall average of 137%.

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 30th April 2017.

NASDAL reminds all that as with any averages, these statistics should be treated as a guideline only.

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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.

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