



For immediate release – Thursday 23rd March 2023

NASDAL Annual Benchmarking Statistics – increases not the whole story

Today has seen NASDAL (National Association of Specialist Dental Accountants and Lawyers) publish their annual Benchmarking Report for the financial period, 2021-22. This has shown:

- Overall, increased net profit across the board. This was to be expected as practices were closed for 2-3 months of the previous year due to lockdown
- An increase in average net profit per principal from £152,414 to £168,826 for a typical dental practice
- Private practices see a big jump increase in average net profit per principal: £143,418 to £178,513
- Mixed practices see an increase in average net profit per principal: £168,326 to £177,072
- NHS practices see a small increase in average net profit per principal: £145,498 to £150,894
- Associate average remuneration is up for the first time in a number of years from £63,304 to £75,488

Ian Simpson, Chartered Accountant and a partner in Humphrey and Co, which conducts the statistical exercise commented, “The increase in profits was to be expected due to lockdown in the previous year. The increase was seen by all practices but NHS practices only saw a marginal increase compared with those experienced by mixed and private practices. In fact there was a differential of more than £25,000 in both cases. NHS practices cannot pass on increased material and wage costs and this may worsen over the next year - for instance, these figures have not taken into account inflation of over 10% and the massive energy price increases that have occurred more recently.

The increase in Associates’ income is welcome but in reality only reflects their earning of private income over a full twelve months rather than nine or ten of the previous year. As we look forward to the 2023 figures, we might expect to see NHS practice profits fall back further and a possible slowdown in the growth in private practice profitability.”

Heidi Marshall, of Dodd & Co, Specialist Dental Accountants and Chair of NASDAL observed, "It is important I think to view the 2022 figures in a wider context. Whilst there have been increases in the profitability of all practices, it is worth noting that NHS profits are still at a similar level to that of 15 years ago."

The annual Benchmarking Survey statistics are gathered from the accountant members of NASDAL across the UK who together act for more than a quarter of self-employed dentists. The statistics provide average 'state-of-the-nation' figures so NASDAL accountants can benchmark their clients' earnings and expenditure and help them run their practices more profitably. The basis of the survey figures is 2022 tax returns and accounts with year ends up to 5 April 2022.

Johnny Minford, Principal of Minford Chartered Accountants and NASDAL Media Officer added, "The NASDAL annual profit and loss benchmarking report is a unique and valuable tool which enables NASDAL accountant members to compare their practice owning clients with industry norms. It means that we help our clients really understand what is happening in their dental business."

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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.

The NASDAL benchmarking statistics are published annually in March and reflect the finances of dental practices and dentists for the most recent tax year. The NASDAL figures provide a detailed picture of dental practice finances, sourced directly from dentists working privately and in the NHS. The figures published by the Public Health England's Information Centre later in the year reflect the income of NHS dentists only. NASDAL's designation of practices as either private or NHS reflects that 80% of business income comes from that source. The sample size is 650 principals and limited companies, and 600 associates.

Heidi Marshall, Chair of NASDAL, is available for interview. To organise to speak to her or any other members of NASDAL for more information please contact Chris Baker.

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