

# The original and authentic practice value index

## When the thing you dread the most happens

Lis Hughes advises on the importance of putting a Lasting Power of Attorney in place

We all have a healthy belief that bad things might not happen to us, but sadly there are no guarantees and we have been witness to tragedies that have resulted in the need for a practice to be sold (usually as a result of an accident or illness) as the principal is no longer able to function normally. On these occasions the family members do not only have to deal with emotional fallout from such a tragedy, but also the financial impact.

In view of this, we encourage all of our principals to make sure they have a Lasting Power of Attorney (LPA) – a legal document that enables you to plan ahead and set up now what you would like to happen should you become incapable of managing your affairs in the future.

In an LPA you appoint one or more 'attorneys' who will be able to make decisions on your behalf. An attorney can

be anyone over the age of 18 who is not bankrupt. Your attorneys have a duty to act in your best interest but it is important that you trust them.

### Why should I do this now?

As we know, accidents and illness can happen at any time. If you suffered from a stroke, or a brain injury following an accident, then everyday tasks such as managing your accounts, paying your bills and maintaining your property could become very difficult or even impossible. An LPA means you can be sure that people you trust can manage your affairs and make decisions on your behalf.

You can only make an LPA whilst you have capacity to understand the nature and scope of the LPA, so it is not something you should leave to do one day!

### What happens if you have not made a LPA?

Should you lose capacity and do not have a valid LPA, it may become necessary for an application to the Court of Protection for a deputy to be appointed. This may result in someone managing your affairs that you would not have chosen had you had capacity.

The Court could even appoint a professional deputy (usually a solicitor) if it considers this to be appropriate, for example if there is a family dispute. Such applications to Court are very time-consuming and costly and it may be several months before your deputy is able to access your finances.

The sad reality is the potential to lose everything you have worked for. It can also be a very stressful time for your relatives,

who may end up spending their own money trying to pay your bills and may have to resort to banks to secure loans to keep businesses going, and not always succeeding.

For peace of mind, it must be worth going through the process of obtaining a LPA now whilst everything is good. **D**



Lis Hughes is managing director of Frank Taylor & Associates. Lis has worked in the dental sector for many years and offers a depth of understanding when buying or selling a dental practice.

**IF YOU HAVE** had your practice valued either by Frank Taylor & Associates or another agent and want an update, get in touch on 0330 088 11 56. Alternatively, email [team@ft-associates.com](mailto:team@ft-associates.com) or visit [www.ft-associates.com](http://www.ft-associates.com).

### PRACTICE ONE – GREATER LONDON

**Practice location:** this practice is located on a busy high street with great transport links and access to shops. There is ample free car parking within close proximity.

**Practice type:** this is a two-surgery (with potential for a third surgery) mixed practice, which has been established over 30 years and is being sold due to the ill health of the principal. The practice is being sold as leasehold with a 20-year lease in place.

**Practice financials:** the gross fee income from the management information for the past 12 months is in the region of £300,000 and is derived from 44% NHS-GDS contract and 56% fee per item. The UDA rate is just over £30.00 per UDA. The gross has been generated from the principal working one day a week and three associates working a combined five days a week. Professionals complementary to the clinical team comprise of a part-time practice manager, a full-time dental nurse and a full-time receptionist.

**Price achieved:** a price of £550,000 was achieved, which was slightly less than the asking price.

**Agent's comments:** due to ill health, the principal wanted a prompt transaction and whilst he had a choice of several he actually went for a lower offer as the buyer was in the best position to move forward without bank funding. The practice itself is ripe for development and with the injection of fresh enthusiasm and energy, the incoming principal can see the opportunity to develop the private element.

### PRACTICE THREE – SURREY

**Practice location:** this practice is located on a prominent corner site in a residential area with a busy high street close by.

**Practice type:** this is a two-surgery predominantly private practice, which has been established over 20 years and is being sold to facilitate the retirement of the principal. The practice is being sold as leasehold with a new 15-year lease in place.

**Practice financials:** the gross fee income from the management information for the past 12 months is in the region of £300,000 and is derived from 86% NHS-GDS contract and 14% fee per item. The UDA rate is £22.00 per UDA. The gross was generated from the principal working five days a week, a hygienist working two days a week, two part-time dental nurses and two part-time receptionists.

**Price achieved:** a price of £525,000 was achieved, which is in excess of the asking price.

**Agent's comments:** this practice proved to be very popular and we are seeing an increase in interest in private practices. There is plenty of opportunity to develop this practice as one surgery is not utilised full time. The incoming principal was looking for a predominantly private practice and the balance of private and NHS was ideal for his needs.

### PRACTICE TWO – MIDLANDS

**Practice location:** this practice is located on a busy road in a mixed residential and commercial area. There is a large car park available for patients.

**Practice type:** this is a two-surgery (only one is fully kitted out) predominantly NHS practice, which has been established over 50 years and is being sold due to the relocation of the principal. The practice is being sold as leasehold with a 10-year lease in place.

**Practice financials:** the gross fee income from the management information for the past 12 months is in the region of £275,000 and is derived from 86% NHS-GDS contract with a UDA rate of £29.00 per UDA, and 14% fee per item. The gross has been generated from the principal working three days a week. Professionals complementary to the principal comprise of a part-time practice manager, and a part-time dental nurse.

**Price achieved:** a price of £430,000 was achieved, which was the asking price. The asking price had been reduced for a quick sale.

**Agent's comments:** this practice is located in an area where there is exponential growth due to several new housing developments, which include the expected infrastructure. The practice has been under-utilised for some time so there is a great opportunity to increase the practice opening hours to five days a week, and in the future expand into the second surgery.

### PRACTICE FOUR – GREATER MANCHESTER

**Practice location:** this practice is located in an affluent residential area in a popular suburb of Manchester.

**Practice type:** this is a three-surgery predominantly private practice, which has been established over 60 years and is being sold to release the principal from the burden of administration. Ideally the principal would like to stay on for a couple of years to focus on the clinical work. The practice is being sold as leasehold with a new 10-year lease in place.

**Practice financials:** the gross fee income from the management information for the past 12 months is in the region of £600,000 and is derived from 95% NHS-GDS contract and 5% fee per item. The UDA rate is £21.50 per UDA. The gross has been generated from the principal working three days a week, three part-time associates working a combined four days a week, and two hygienists working a combined four days a week. Professionals complementary to the principal comprise of a part-time practice manager, a part-time receptionist, two full-time nurses and two part-time nurses.

**Price achieved:** a price of £620,000 was achieved, which was in excess of the asking price.

**Agent's comments:** this practice was very popular and went through the sealed bids process, enabling the principal to make his decision on five offers, all in excess of the asking price. Having the principal stay on post completion will be a great benefit to the first-time buyer.

