

The original and authentic

Practice value index

Work place pensions – are you in?

Lis Hughes of Frank Taylor & Associates says reserve your place now so that you don't get caught up in the stampede next year when 370,000 companies need a pension scheme

Like me I am sure you have found it difficult to avoid news about pensions in the UK. It seems that every one of us will be affected sooner or later, whether it's having the right to access your entire pension pot at once, about the reduction in the lifetime allowance or about obligatory workplace pension schemes for employers.

If you're an employer like me, it will affect you sooner. By October 2018, every single employer in the UK will have to provide a pension scheme for their employees – that's

1.4 million businesses affected.

The 2008 Pensions Act brought about a principal change that all workers would have to opt out of a mandatory workplace pension, instead of opting in. Automatic enrolment was born and we nominated Leo Davies, our head of auto enrolment, to condense the 200-page document of rules and regulations into a manageable summary for my corporate advice team. Needless to say, he was not riveting company for a number of weeks.

Apart from automatically enrolling certain workers based on age and earnings, the other change is the employer now has to contribute a percentage of their employees' salary into their new pension pot.

You may remember something called a stakeholder pension, which was introduced 14 years ago for businesses with five or more employees. The stakeholder was supposed to encourage the lower earner to start long-term saving with the help of

lower charges, low minimum contributions and the flexibility in stopping and starting contributions. I think it's safe to say that the stakeholder failed to achieve its mission, principally because it gave the employee too much flexibility.

Contribution levels start at 1% from the employer and 1% from the employee until October 2017, and will increase to 2% from the employer and 3% from the employee for 12 months. They finally cap-out at 3% from the employer and 5% from the employee.

The number of administrative mandates the employer has to fulfil on a monthly basis will take up 30 pages to explain rather than the 300 words I have left. Approximately 85% of these mandates fall within compliance and communications – the rest is about the pension. So apart from lumbering the employer with more regulation, how is the government helping?

They certainly aren't spoiling us with places to actually find help. Okay, so they do point you in the direction of The Pensions Regulator website, but I imagine you don't have a spare 100 hours to understand what they have laid out. As trusted business



advisers, your accountant may seem like a sensible person to refer to. However, some may struggle to deal with the volume of enquiries coming from both the employer and employee.

The Pensions Regulator recommends starting preparation 12 months before your official staging date. My advice would be to reserve your place now so that you don't get caught up in the stampede next year when 370,000 companies need a pension scheme. And I would definitely avoid planning in 2017 when 895,000 companies need a pension scheme. **D**

Practice one – Norfolk

Practice location – the practice occupies a prominent main road location in a detached property, with a mix of residential homes and local shops in close proximity. The practice is extremely well presented and encompasses three floors.

Practice type – this is a seven-surgery, 100% associate run, mainly NHS practice, which is being sold as share sale, leasehold with 21 years remaining on the lease.

Practice financials – the gross fee income from the management is shown to be in the region of £1,800,000 and comprises of 99.9% NHS income, and 0.01% fee per item. The practice is 100% associate-run with 13 associates working in a combination of full and part-time roles, alongside a full time anaesthetist. Professionals complementary to the clinical team comprise of 10 dental nurses, two decontamination technicians, a practice manager, a part time clinical manager, three administrators, filing clerk and three cleaners.

Price achieved – a price of £2,700,000 was achieved, which was the asking price.

Agents comments – the size of this practice excluded some of our purchasers but generated a huge amount of interest from a mix of corporate and private individuals. The key to any successful bank funding is to work with a specialist independent business adviser like FT&A finance who not only know the market, but as importantly know the banks and their criteria.

Practice two – Isle of Wight

Practice location – the practice occupies a desirable, four-storey virtual freehold under a 999-year lease, with 870 years unexpired. Encompassing four floors, the practice is extremely spacious and well presented.

Practice type – this is a two-surgery, NHS practice which is being sold to facilitate the retirement of the current principal.

Practice financials – the gross fee income from the management information to June 2014, derived completely from NHS income is £225,000. The gross has been generated from the principal working four and a half days per week. Professionals complementary to the clinical team comprise of a full-time practice manager/nurse and three part-time receptionists.

Price achieved – a price of £280,000 was achieved, which was slightly less than the asking price due to the value attributed to the freehold. Funding for this practice was secured by FT&A Finance.

Agents comments – this practice offered more than a sea view to the incoming principal as at present, two surgeries remain vacant, as well as the benefit of unutilised basement space that has previously had planning approved. Along with expanding into private dentistry there is also the option to convert the basement space into a residential flat, which could become a desirable holiday let.

Practice three – Essex

Practice location – the practice occupies a detached, residential style bungalow, situated in a predominantly residential area with local shops in close proximity. There is parking at the practice and free parking in adjacent streets. It is being sold as leasehold – 15-year lease rental of £15,000 per annum.

Practice type – this is a three-surgery, predominately NHS practice being sold to facilitate the retirement of the principal.

Practice financials – the gross fee income from the management information shows an income of £566,000 and comprises of 89% NHS income, 2% Denplan and 9% fee per item. The gross has been generated by the principal working part time, two full time associates, a full time practice manager, a full time and part time dental nurse and a part time trainee nurse.

Price achieved – a price of £920,000 for the goodwill and EFF, plus £280,000 for the freehold was achieved, which was considerably in excess of the asking price. Funding was sourced by FT&A Finance.

Agents comments – this practice proved to be very popular due to both the location and the dentistry on offer. The seller was in the enviable position to decide on a purchaser from the several who offered. The successful purchaser has seen an opportunity to increase the turnover by increasing the opening hours to include Saturdays and by offering private dentistry.

Practice four – Yorkshire

Practice location – this practice is located in a busy Yorkshire town; it is a single-storey detached property with a great town centre location. There is ample parking at the practice and it is being sold as a freehold.

Practice type – this is a two-surgery mixed practice, which has been established for 17 years and is being sold to facilitate the principal's retirement.

Practice financials – the gross fee income from the management information shows an income of £220,000 and comprises of 48% fee per item, 28% NHS contract, 24% Denplan. The gross is generated by the principal working four and a half days a week, a full time dental nurse, a part time hygienist and a part time practice manager and part time receptionist.

Price achieved – a price of £288,775 was achieved, which was the asking price.

Agents comments – this was an ideal practice for an associate to take the leap into practice ownership. Well established in the area and with the opportunity to provide more services it proved to be a very easy practice to secure bank funding on.

FOR MORE INFORMATION call Frank Taylor & Associates on 0845 612 3434 or the regional office on 0161 638 0875, email team@ft-associates.com or visit www.ft-associates.com.

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