

Is your accountant really up to the job?

Successful GPs need top quality accountants. To help you decide if yours passes muster, we asked GPs and managers about the firms they use. By **Carole Slingsby**

General practice funding and how GPs earn profits is a complicated business, so it makes sense to use a specialist accountant. A firm with expertise tailored to GPs is likely to be better value for money than an accountant who does not know the difference between PMS and GMS – let alone the MPIG or QOF.

'Our own experience of a high street accountant was a disaster,' says one Swindon GP. But the specialist firm that the practice now uses is 'quick, responsive, expert and fair value'. A Sheffield practice manager says that his practice's specialist

accountant not only provides a prompt and efficient service, but is also 'well-versed in NHS finances, up to date with changes and provides good support in discussions with the PCT'. Like many other specialist firms, the accountant provides financial performance data, enabling the practice to compare its results with those of others.

'I have been trying to persuade the partners to change to a specialist firm,' says a Herefordshire practice manager. 'In this day and age, GPs' accountants need to be fully conversant with new GMS and superannuation, but ours isn't.'

Mistakes in tax calculations made by a non-specialist accountant caused major cash flow problems for one Merseyside practice, prompting the GP partners to switch to a specialist firm.

But simply switching to a specialist is not necessarily the answer to all of your problems. The quality of services that they provide varies from firm to firm. 'There are long delays in producing the annual accounts and we receive no advice about future planning,' says a Suffolk GP about her practice's specialist accountants. 'The fees they charge are about average, but expensive, considering that the books are all done on computer, including the partners' private accounts'

Financial management advice

You may have to pay more for a specialist accountant who can advise on financial management for the partnership, pension matters, practice development and premises issues. But the most that you can realistically expect from an accountant who knows little about general practice is the annual accounts and competent handling of practice and partners' tax affairs.

So when it comes to choosing a specialist accountancy firm, you need to find one that provides the right services for your practice at a reasonable cost. This could be



ILLUSTRATIONS: DAVID TITLTON

◁ a large or a small firm, or one that has just one or two accountants who concentrate on GP practices, while the main bulk of its clients are non-medical.

Alternatively, the whole firm could be geared towards GPs and other healthcare-related small businesses, such as dentists and pharmacists. It does not really matter, as long as the expertise is there and the partner (rather than junior staff) looking after your practice responds quickly to queries or requests for advice.

In a MedEconomics survey, 19 specialist firms gave us information about their services. For what you can usually expect, see the box on page 55, and for more details about the firms, see page 56.

Fifty-four practices told us whether they use specialist or non-specialist accountants and if the service they receive is satisfactory – 14 MedEconomics GP readers, plus 40 practice manager subscribers to web-based service First Practice Management. Forty-two practices use specialists and of those, three-quarters are happy with the firm. Of the 12 practices using non-specialist accountants, half say that the firms' services are unsatisfactory.

Complaints about specialist accountants included fees that are too high, practice accounts being produced too slowly and accountants not being proactive enough in offering advice.

Each of the 19 firms told us how they set their fees. In most cases, they negotiate an annual fee with the practice for a package of services, rather than charging an hourly rate. For services outside the package, there are additional charges. The firms also told us about factors that might push up their fees to the practice.

A practice-owned limited company will always mean extra cost. So will being subject to an Inland Revenue investigation, unless you take out insurance against this. Most firms offer this cover. Depending on the firm and the amount of work involved, practice splits, partners leaving and joining, changing the practice accounting year, and assisting with practice-based commissioning may all mean more to pay.

All of the firms that negotiate an annual fee, or set a fixed fee, say that the annual cost will be lower if the practice produces high quality draft accounts on computer.

Discounts can range from 10 per cent to 50 per cent. But obtaining a discount generally involves using software specified by the firm and providing other information, such as the bank reconciliation (income and expenditure figures, checked against practice bank statement entries).

We asked each accountancy firm to quote the typical annual fees before VAT that a non-dispensing, single-site, four-GP practice, with no special problems or circumstances, might expect to pay. Two firms declined to quote their fees and one provided a quote reluctantly, stating that its fees were fair, but it was worried other firms might quote less than its rate.

Check additional costs

Note that in some cases, partners' own tax returns and certificates of pensionable profit will be charged as extras (see box, page 56).

Eighteen firms stated that they provide financial performance ratings, to allow practices to compare their NHS and non-NHS income, staff costs, profits and so on. One firm, Philip J Gorrod, said that it would do this after the new GMS transitional period.

Eleven firms belong to the Association of Independent Specialist Medical Accountants (AISMA), which collects GP performance data from members and produces regional financial indicators.

Price Bailey is a member of the UK 200 Healthcare Group of accountants, while Wylie & Bisset is a member of both organisations. Bishop Fleming, Lawrence Grant, Philip J Gorrod, PKF, Ramsay Brown & Partners, and Sandison Easson & Gordon belong to neither body.

If you are considering moving your business to a specialist firm, or transferring from one specialist to another, ask other local practices if they would recommend the accountancy firm that they use.

It is advisable to shop around, by inviting two or three firms to the practice to explain their services. It might be worth giving them some draft accounts figures before they visit, to test their knowledge of GP finance. Before deciding, ask them if you can approach some of their client practices for a reference. Make sure any ▷



Specialist accountant services

As well as routine accountancy work, GPs can normally expect the following:

- Comparative practice performance data
- Premises financing advice
- Expert knowledge of GMS and PMS
- Partnership deed guidance
- Knowledge of NHS Pension Scheme
- Annual accounts produced in good time after end of accounting year
- Payroll advice
- Cash flow forecasting and budgets
- Yearly, or more frequent, review visits by partner handling your business
- Advice on profit-sharing and drawings
- With some firms, financial planning seminars and regular newsletters

AISMA

Accountancy firms applying to join must submit annual accounts from ten client GP practices for review and discussion. If practice clients drop below ten, the firm has three years to build up to ten again. AISMA members undergo regular peer review and any complaints are thoroughly investigated. It has 67 members.

UK 200 Healthcare Group

To belong, the accountancy firm must be a member of parent body UK 200 Group (see www.uk200group.co.uk). This requires passing professional tests, followed by annual peer review. To join the 39-member Healthcare Group, the firm must have a significant base of medical and other healthcare clients, and substantial sector experience.

◁ annual fee quote lists the services covered and includes routine enquiries, telephone calls and emails. Ask which services are subject to an extra charge. Before deciding on a move, you could also invite your current accountants to suggest why the practice should stay with them.

But if you are getting an excellent service from a specialist firm, think twice before moving to another accountant just because their fees are a little lower. There is no guarantee that the new accountant's service will be as good. If the current firm wants to keep your custom, it may be prepared to renegotiate its fees.

All but two of the firms we contacted have websites listing their services, but the amount of detail varies considerably. GP practices may need to contact the firms to obtain more in-depth information.

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First Practice Management (www.firstpracticemanagement.co.uk) provides

UK-wide support for practice managers ▷

How the specialist medical accountants compare

| | Main UK areas covered | Number of GP clients (approx) | How fees are charged | Annual cost to typical 4-partner practice ex VAT ¹ | Does cost include personal tax returns? | Does cost include pensionable profit certificates? |
|--|--|---|-------------------------------------|--|---|--|
| Bannerman Johnstone Maclay <i>www.bjm-ca.co.uk</i> | Scotland | 80 practices 450 GPs | Negotiate annual fee | £4,000-£5,000 | Yes | May involve extra cost ² |
| Bishop Fleming <i>www.bishopfleming.co.uk</i> | South West | 20 practices of 4+ partners plus other GP clients | Negotiate annual fee | £3,600-£4,000 | Yes | Yes |
| Charles Rippin Turner <i>www.charlesrippin.co.uk</i> | East, SE SW England | 80 practices 210 GPs | Negotiate annual fee | £4,800 | Yes | Yes |
| Condies <i>www.thefinancialhealthcentre.co.uk</i> | Scotland | 66 practices 320 GPs | Hourly rate or negotiate annual fee | £2,800 for practice work | No; £275 extra per GP | No; expect £150-£200 per GP |
| Dodd & Co <i>www.doddaccountants.co.uk</i> | N England Yorks, Notts Leics, S Wales S England | 100 practices 518 GPs | Hourly rate or negotiate annual fee | £4,042-£5,810 | Yes | No; £150 extra per GP |
| Honey Barrett <i>www.honeybarrett.co.uk</i> | Sussex, Kent Surrey | 22 practices 83 GPs | Depends on client preference | £5,800 | Yes | Yes |
| Lawrence Grant <i>www.lawrencegrant.co.uk</i> | London | 10 practices 14 GPs | Fee based on services | £5,000-£6,000 | No | No |
| Lovewell Blake <i>www.lovewell-blake.co.uk</i> | East Anglia | 60 practices 300 GPs | Depends on client preference | Not supplied | – | – |
| Moore and Smalley <i>www.moore-and-smalley.co.uk</i> | Lancashire Cumbria E Midlands | 40 practices | Negotiate annual fee | £4,250 | Yes | No; £150 extra per GP |
| Philip J Gorrod 01986 875354 | S & E England mainly Hants | 20 practices 100 GPs | Hourly rate | £3,500 | Yes | Yes |
| PKF (UK) LLP <i>www.pkf.co.uk</i> | Throughout Britain | 450 practices 1,750 GPs | Negotiate annual fee | Up to £3,800 ³ | No | No |
| Price Bailey <i>www.pricebailey.co.uk</i> | London East Anglia | 20 practices | Hourly rate or negotiate annual fee | £2,500-£3,500 (£300-£500 extra per GP for personal matters) | No | No |
| Ramsay Brown & Partners <i>www.ramsaybrown.co.uk</i> | London SE England | 450 practices 2,000+ GPs | Annual fixed fee | £4,500 | No; £360 extra per GP | No; £150 extra per GP |
| RMT <i>www.r-m-t.co.uk</i> | NE England | 122 practices 450-500 GPs | Annual fixed fee | £4,600 | Yes | Yes |
| Sandison Easson & Gordon <i>www.medicount.co.uk</i> | Leics, Lancs Derbys, Yorks Cheshire | 180 practices 725 GPs | Annual fee normally | £5,000-£6,000 | Yes | No |
| Tenon <i>www.tenongroup.com</i> | S England E Midlands North West Scotland | 220 practices 960 GPs | Negotiate annual fee | £4,000 | No | No |
| Williamson West 01993 774555 | Midlands Thames Valley Home Counties | 230+ practices 960+ GPs | Negotiate annual fee | Not supplied | – | – |
| Winter Rule <i>www.winterrule.co.uk</i> | Devon Cornwall | 34 practices 147 GPs | Hourly rate or negotiate annual fee | £6,500 | Yes | Yes |
| Wylie & Bisset <i>www.wyliebisset.com</i> | Glasgow W Scotland | 35+ practices 140 GPs | Fixed annual fee per partner | £3,000-£3,500 | Yes | Yes |

¹ Non-dispensing single-site practice with no unusual features or problems. ² Currently considering extra cost involved. ³ Depending on location.