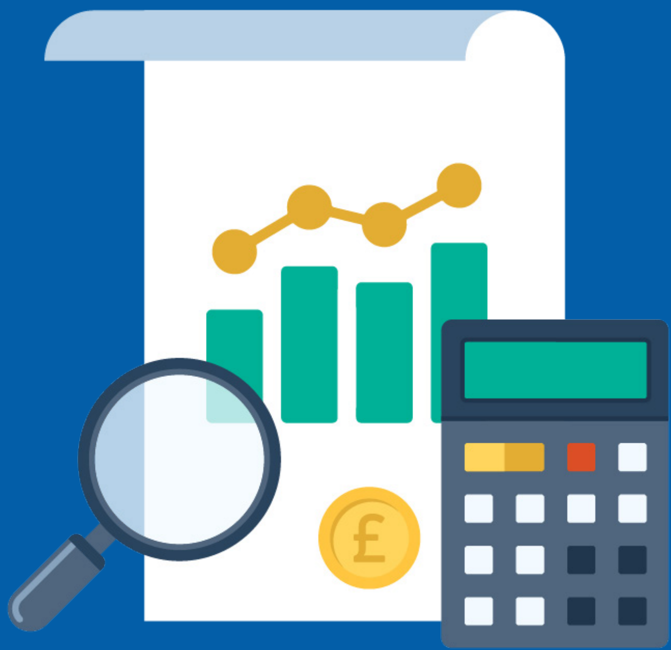
Association of Independent Specialist Medical Accountants: Explaining the GP practice accounts

10-part tutorial for Practice Index



PRACTICE INDEX

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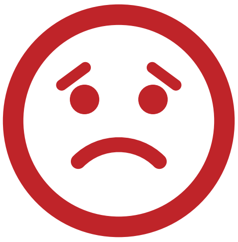
Introduction

You are in a meeting with your GP partners and the practice accountant to review last year's accounts. Do you:



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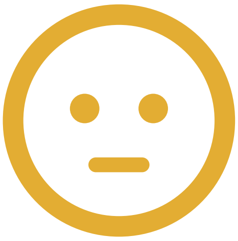
feel an impending sense of doom



B

glaze over, or

C

fully understand the figures and what they mean for your practice?

If the answer is A) or B), this 10-part tutorial is for you!

Making sense of the practice accounts doesn't require a degree in economics. But you do need to grasp the basic principles of accounting and how they apply to GP practices. This tutorial will get you started and has been put together for Practice Index by Andrew Pow and Kieran Hancock of the **Association of Independent Specialist Medical Accountants** – a national network of UK accountancy firms working with over 3,700 practices across the UK and representing the very best brains in GP practice finance.

Explaining the GP practice accounts

Part 1

What are the accounts and how are they used?

Part 1
What are the accounts and how are they used?

Put simply, the practice annual accounts summarise the financial transactions of the practice for the year. Many practices fix their accounting year to start on 1 April, to coincide with the tax year but there is no requirement to have any fixed date, even with the change in basis period rules.

The annual accounts include details of all the income and expenses and summarise the profit available to share between the partners.

As well as presenting the financial position of the practice and the individual partners on the last day of the accounting year, the practice accounts are used to:

- understand the practice business – for example, where the income is coming from, how much you are spending on staff, where you need to invest to earn more and where savings can be made
- calculate the partners' tax liabilities and pension contributions
- back up any applications to the bank to borrow money
- help project and plan for the year ahead, including how much the partners can draw each month and whether additional staff can be justified
- calculate how much is due to a retiring partner and show potential new partners what their earnings are likely to be
- help you compare your practice's financial performance against other practices and national averages – for example is your practice spending more on locums than similar practices in your area?

Medical accounting is different from business accounting, not least because GP practices are usually partnerships, rather than limited companies. Here is a glossary of terms as they relate to GP accounts.

Glossary

Accruals basis
The basis on which accountants and HMRC assess income and expenditure; ie when income was earned or expenses incurred rather than when received or paid.

Balance sheet
Reflects a snapshot of the assets and liabilities of the practice at the end of the year. This will include, among other things, the amounts owed to the practice for work it has carried out and amounts owed by the practice for services or goods bought in.

Drawings
Money withdrawn from the practice by partners, or paid by the practice on the partners' behalf.

Partners' capital accounts
Represents the money invested long-term by the partners. This will include money tied up in any partnership property, less loans. Can include working capital and other assets, eg fixtures, equipment, drug stocks.

Partners' current accounts
Represents undrawn profits not retained for long-term investment available for the partners to withdraw when funds permit.

Prior shares
Specific allocations of profit to individual partners before the balance of profits is allocated.

Profit and loss account
A summary of the results for the year to determine the difference between practice income and expenditure.

Working capital
The amount partners need to have invested in the business in order to keep it running and to finance the gaps between when money is earned and when it is actually received.

In Part 2 of this tutorial the component parts of a set of GP practice accounts are explained.

Explaining the GP practice accounts

Part 2

What information is included in the accounts?

Part 2
What information is included in the accounts?

The GP accounts are presented in the financial statements document prepared by your practice accountant. To help you make sense of the document, here is a run-down of what a typical set of accounts will include, based on the recommended template of the **Association of Independent Specialist Medical Accountants**.

Partners' approval of the financial statements

All the GP partners in the practice are responsible for reading and understanding the accounts. Each partner should be required to sign their approval of the financial statements to confirm that they are in agreement with them. Larger practices may delegate this to an executive board.

Accountants' report on the unaudited financial statements

This is a short report prepared by the practice accountant to confirm that they have prepared the accounts based on the information provided by the practice and in accordance with the engagement letter signed by both the practice and the accountant. It also confirms that the accounts have been compiled on the appropriate accounting basis. Note that in most cases practice accounts are prepared without the need for a formal audit. It is not the accountant's role to fully check all transactions.

Balance sheet

The balance sheet illustrates the financial position of the practice at the end of the accounting year. It will include the amounts owed to the practice for work undertaken and also the amounts owed by the practice for services or goods bought in.

The balance sheet includes the partners' funds, including how much money they hold in the practice to cover day-to-day running costs. These funds are usually split between the partners' capital and current accounts.

Capital accounts usually include equity held in the surgery premises, as well as other fixed assets and can sometimes include working capital.

Current accounts show excess profits generated over the drawings taken and, if not shown in the capital accounts, can include working capital. There's more about partner current accounts on page 11.

The classification of assets/money between the two can vary between practices.

Distribution of net income or profit allocation

The distribution of net income shows how the profit has been shared amongst the partners.
The profit is calculated per partner in two different ways. The first, or 'top slice', is the profit from income earned by individual partners, often referred to as 'prior shares'. The remainder is the pool of profit which is allocated according to the profit-share ratios set out in the partnership agreement. Calculations take into account any income from the surgery premises, mortgage interest and locum costs, amongst other things.

Practice income and expenditure account

This is a schedule of income earned and expenses incurred during the year. Income will include both NHS and non-NHS income. Expenses will include staff costs, medical expenses, premises and administration costs.

Notes to the financial statements

This is where more detailed breakdowns of income and expenses are provided, together with major items from the balance sheet such as fixed assets including premises, computer equipment, fixtures and fittings. The notes also include breakdowns for the individual partners' capital and current accounts.

In Part 3 of this tutorial there is an explanation of the partner current accounts and how they work.

Explaining the GP practice accounts

Part 3

Partner current accounts made simple

Part 3
Partner current accounts made simple

An easy way to understand how the partner current accounts work is to imagine them as the partners' mini bank accounts within the practice. As a business the practice needs working capital to cover the cash-flow for day-to-day expenses such as staff wages. This working capital is invested by the GP partners and is usually recorded in the partner current accounts.

The balance for each partner current account represents either money they have invested directly into the practice, or profits that have been earned over the years (and been taxed), but not taken out.

All new GP partners need to contribute working capital, but these days new partners are very hard to find and most non-dispensing practices avoid asking for a lump sum on day one of a new partner joining. Instead most practices now allow their new partners to restrict their drawings for the first few years or so to build up their working capital at a more manageable rate. Other new partners may prefer to borrow money – the interest would be tax deductible – and be able to receive full drawings.

In an ideal world, at the end of each accounting year, practices should look at how much working capital they will need over the coming year and the partners should draw out the excess, leaving the balances in the profit-share ratios stated in the practice agreement. This reduces the risk of large amounts being built up in the partner current accounts that would need to be drawn down if a partner decides to leave the practice.

However, senior partners sometimes restrict their drawings to leave enough funds in the practice for it to run. This is often done to help out younger partners who have bigger financial commitments at this stage in their careers (for example student loans, mortgages, pension contributions). The flip side is that it can lead to large sums accumulating in the partner accounts of the senior doctors which at some point will need to be withdrawn. The solution is to plan ahead to minimise the effects of under or over-drawing and plan for payouts in advance. There is more about **managing incoming and outgoing partners in Part 9** of this tutorial.

In Part 4 there is an explanation of the different income streams detailed in the practice accounts.

It's important to understand the movements in partner current accounts and the practice accountants will be able to comment on these at the annual meeting – see part 7 for more information on the meeting – but it's useful to consider reasons beforehand.

Partner current accounts may not be in line with other partners at the end of the year. Partners should consider the following points when comparing their balance against someone else's:

- Greater/lesser number of sessions worked
- Additional drawings taken
- Opted in / out of the pension scheme
- Different tax arrangements (if the practice pays the tax)

Explaining the GP practice accounts

Part 4

Income and expenditure

Part 4
Income and expenditure

The income and expenditure account – sometimes known as the profit and loss account - summarises the income received and expenses incurred over the year. Accounts should at minimum show the current year and the previous year for comparison. The figure at the bottom of the income and expenditure account shows the profit available for sharing among the GP partners.

Income

The income and expenditure account starts with all of the income of the practice, split into categories. NHS contract income is shown separately and the other categories will include outside appointments, non-NHS income and reimbursement of expenses. The categories are important as they assist later in calculating tax and in preparing the annual superannuation certificates for the partners.

Expenditure

The second half of the page lists the expenses and these are usually grouped under headings such as medical expenses, staff costs, premises costs, administration, finance and depreciation. Expenditure is allocated into general bands for ease of presentation and statistical comparison.

Primary Care Networks

It is important for the practice accounts to include the practice's share of the Primary Care Network (PCN) results for the year.

Most PCNs will prepare a set of accounts to apportion income and expenditure between the practices in the network, to determine an overall surplus.

Including the surplus helps the practice understand its entitlement from the PCN, but also ensures the correct income is included for tax and pension purposes.

Notes

There is a note number against each heading on the income and expenditure account and these notes are found on the subsequent pages. For example, General Medical Services income will be found in the notes broken down into headings including the GMS contract sum, enhanced services, premises and dispensing fees.

The expenses are similarly broken down in the notes. For example, staff costs will be further split into staff salaries, employer's National Insurance contributions, pension costs, travel and uniforms. There may be a split between administration and professional staff, for example nurses or salaried doctors.

Depreciation is not a monetary expense but a deliberate acknowledgement that equipment in the practice is reducing in value over time.

Allocation of net profit

The net figure when deducting expenses from income is the profit for the year. The distribution of net income between the partners is shown on a separate page in the accounts. Often this is split in different ways, for example rent may be split in the partners' property owning ratios.

There is more about **how the profit allocation is calculated** in Part 2 of this tutorial.

The profit allocated to the partner is their income for the year and is the starting point for working out the tax and national insurance due and also the pensionable income for that partner. It is also used to compare with what they have taken out in the year from the practice.

Part 5 of this tutorial explains how employer and employee pension contributions are presented in the accounts.

Understanding profit movements

Once the net profit has been determined, it's important to understand why this has moved from the previous year. The practice accountants will be able to explain this at the annual meeting – see part 7 for more information on the meeting – but it's useful to understand the concept beforehand.

Practice profits vary year on year, more so if the number of partners change. Increasing partner numbers is likely to increase practice profits as payments to salaried or locum GPs will reduce. Likewise, reducing partner numbers is likely to decrease practice profits since payments to salaried or locum GPs will increase. It's important to understand this when comparing years and establishing the true performance of the practice.

Profits may only have moved for this reason, which is likely to change the way you see the results. The underlying practice performance may be the same as the previous year, even if the headline profits don't show it.

There are other reasons such as the partners earning more personal income (through the practice) than in the previous year and this will have a similar effect.

Explaining the GP practice accounts

Part 5

How pensions are shown in the practice accounts

Part 5
How pensions are shown in the practice accounts

Pension costs for the NHS pension scheme are split three ways:

1. Employee standard contributions – these are based on different rates for different tiers of earnings
2. Employer contributions – fixed currently at 14.38% with a further central top-up by the NHS in England and Wales of 9.4% (total contribution 23.78%). In Scotland the practice contributes 16.5% with an NHS top-up of 6% (total contribution 22.5%). In Northern Ireland the practice pays the total contribution of 23.2%.
3. Added years or voluntary contributions – additional top-up contributions, paid for personally by individual scheme members. For the purpose of this article these are treated the same way as employee contributions.

Partner contributions

GP partners, and partners who are not GPs, have to pay both employee and employer contributions, even though they are not employees but partners in the business. Partner contributions should be deducted monthly from the practice GMS/PMS main payment. An end of year reconciliation submitted through a type 1 pension certificate leads to an end of year adjustment.

In the accounts these are deemed as personal payments of the partner and should be deducted from them, usually as a drawing in the partner's current account, which is what AISMA recommends, but can be via profit allocation.

Salaried GPs

Salaried GPs are employees of the practice. Their employee contributions should be deducted from their salary through the payroll.

As a staff member, the employer contribution is paid for by the practice. Staff wages and pension costs are an expense of the practice and should be shown in the profit and loss account.

Salaried GP pension employee contributions should not be paid over with the non-GP staff pension contributions.

Instead, like the partners, the cost should be deducted from the monthly practice GMS/PMS payment. The salaried GP should submit an end of year type 2 pension certificate to check that the pension contributions paid over by the practice in the year were correct. If not, perhaps because the salaried GP had carried out additional work, then an end of year adjustment will be made.

All other staff

All other staff are employees of the practice. If they are enrolled into the NHS Pension Scheme then their pension contributions will be taken by a monthly adjustment of their salary through the payroll.

The employer contribution is a cost of the practice. As with salaried GPs, staff wages and pension costs are an expense of the practice and should be shown in the profit and loss account.

Pension estimates

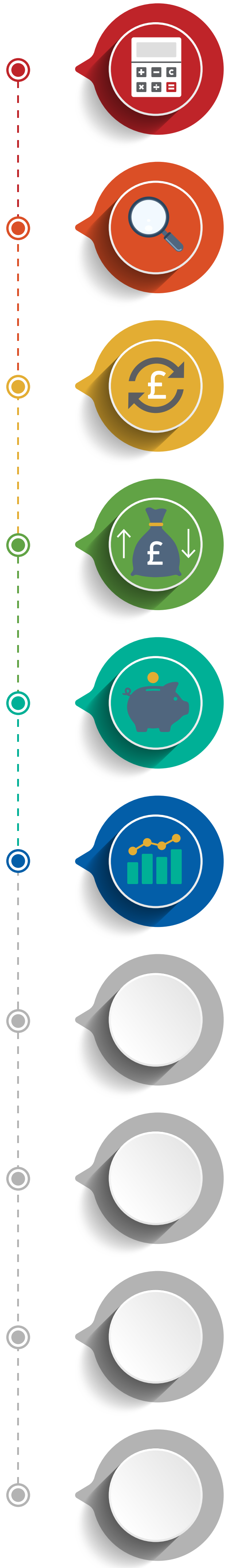
Each year, for GP and non GP partners and salaried GPs, the practice should submit an estimate of pensionable pay to PCSE (England and Wales), Practitioner Services (Scotland) or HSCNI (Northern Ireland) so that the right level of payments can be deducted monthly off the GMS/PMS payment. The estimate should be updated when there is a change in circumstances – be it leavers or joiners or a change in profit share between the partners.

For more guidance on pension administration, see the separate AISMA guide: 'Explaining the NHS Pension Scheme'.

Explaining the GP practice accounts

Part 6

Using the accounts to benchmark financial performance



Part 6
Using the accounts to benchmark financial performance

Information from the practice accounts can be used for financial benchmarking, which helps practices see how profitable they are compared with their neighbouring practices, or more widely across their local area and nationally.

Benchmarking can also help the GP partners assess their investments in the practice and their taxable and pensionable profits. Importantly financial benchmarking can help practices to plan ahead.

Practices in England might find it helpful to benchmark their financial performance with other members of their Primary Care Network, if practices are willing to share.

Where to find the information

An important benchmark is to look at overall profit per full-time equivalent partner so you can judge how you compare with other practices. Accountancy firms that are members of the **Association of Independent Specialist Medical Accountants** have access to the association's national annual earnings survey. Check to see if your practice accountant is an AISMA member since they can make the survey results available to your practice.

NHS Digital produces earnings and expenses figures taken from HMRC records which practices may find useful. The most recent data is from the 2021/22 contract year and was published in August 2023.[1] NHS Digital also publishes funding data for each GP practice in the country.[2]

What data to look out for

There are some key statistics that will highlight how the practice is performing. Profitability per session, per full-time equivalent partner is one important figure to look out for.

Data on income per patient is useful and can be broken down into key areas of the accounts. For example quality and outcomes framework (QoF) income, and income from enhanced services.

Expenses data per patient in areas including staff costs, premises costs and locums can also give an indicator of a practice's performance. So too can reimbursements – how good is your practice compared with others at claiming for rent, rates and drugs?

Understanding the statistics

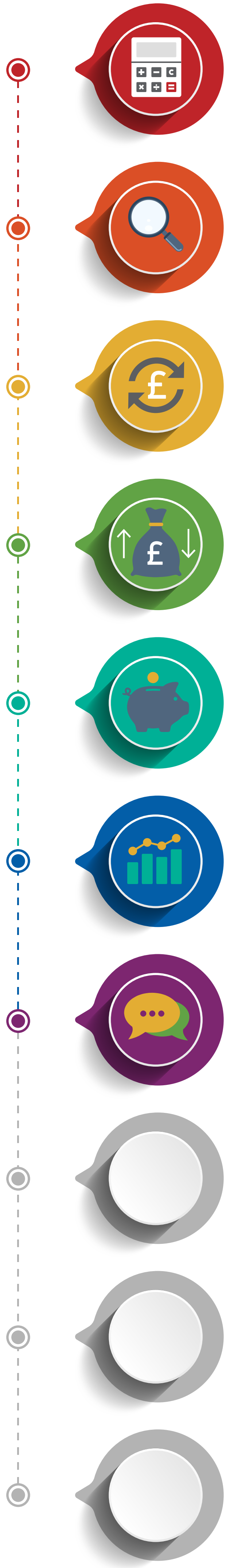
Be careful in how you interpret the data because statistics always need to be understood in the round. For example, high wage costs is not always a bad thing. It might just mean there are fewer GP partners. Ask your accountant to help you interpret the data – this can be a useful point to explore at the annual accounts meeting which is the topic for the next article.

[1] https://digital.nhs.uk/data-and-information/publications/statistical/gp-earnings-and-expenses-estimates/2021-22
[2] https://digital.nhs.uk/data-and-information/publications/statistical/nhs-payments-to-general-practice/england-2022-23

Explaining the GP practice accounts

Part 7

What to get out of your annual accounts meeting



Part 7
What to get out of your annual accounts meeting

It is normal practice to have a meeting with your accountants once the draft accounts have been prepared. This gives you and the partners the opportunity to discuss the accounts, resolve any queries so they can be finalised, and discuss financial matters likely to arise in the coming year.

While finance matters may not interest everyone, this a useful time to discuss business matters relating to the practice so getting the most out of the meeting is essential.

Planning

Get a date in the diary early. The larger the partnership the more difficult it is to get everyone together, so give plenty of notice for the meeting. Be realistic about start and finish times so that everyone can get there and allow sufficient time to go through things.

For larger partnerships, a prior meeting with the accountant, practice manager and finance partner is often sensible, to enable detailed queries to be resolved. The meeting with all the partners can then concentrate on the bigger picture and strategic issues.

If there are key issues that you wish to discuss it's worth letting the accountant know in advance so they can come prepared. Of course not everything has to wait until the annual accounts meeting, but it's often the point in the year when you re-visit some of the key changes ahead.

Pre meeting

Read your copy of the draft accounts before the meeting, and if you or the partners have any queries raise these with your accountant before the meeting. Often one of the areas that causes most confusion is the profit allocation, as people change sessions during the year. It is best if these can be clarified before the meeting.

Individual partners should also have provided their personal accounts information in advance of the meeting. This is important because it allows the accountant to prepare both tax estimates and pension estimates. Large partnerships increasingly have the timely submission of personal accounts information as a condition within the partnership agreement so that any planning in respect of tax and pension shortfalls can be made as early as possible before the liabilities need paying.

At the meeting

Make sure the partners bring their copy of the draft accounts with you to the meeting or that an electronic version is available.

The accountant should then in conjunction with the practice manager:

1. Talk you through the accounts and key variances year on year.
2. Explain the profit allocation so that everyone is happy how this has been allocated.
3. Look at the partners' current account balances and have a discussion around bonus allocations or future drawings.

4. Provide feedback and statistics comparing performance with similar sized practices.
5. Discuss any key changes ahead in the partnership – leavers, starters, property matters and so on.
6. Look at the implications of any changes in the contract as well as any key changes in tax law.
7. Discuss any changes in the pension scheme – although it should be noted that the accountant is not a financial advisor so will not be able to give specific financial advice on pension issues.
8. If time allows individual partners should have time allocated to discuss their personal tax affairs and any changes.

After the meeting

The accountant will then send out final accounts to be approved in line with the terms of the partnership agreement.

At the same time they will also provide tax estimates and personal accounts but that is dependent on the partners providing the information.

Any other requests such as drawings calculations, predictions of profit share and other matters discussed at the meeting should also follow on.

Remember though that the annual accounts meeting is not the only time in the year an accountant can be contacted. It's better to deal with issues as they arise in year rather than wait until the accounts meeting to discuss everything.

Explaining the GP practice accounts

Part 8

How to account for property

Part 8
How to account for property

Property used by the practice falls into two main categories: – owned premises (by the partners or some of the partners) and leased premises.

Reimbursements

1. If the partners own the premises they will receive either a notional or cost rent from the NHS. Notional rent is a market rent assessed every three years by District Valuer Services (DVS). The practice should ensure that a review is held soon after the three years are up. If necessary use a specialist surveyor to appeal this as DVS acts for the NHS not the practice. Rent should then be paid monthly by the NHS.

2. Practices in leased premises should receive an actual rent reimbursement – and if agreed by commissioners this should match the rent being paid out. Note this is not always the case, especially if the practices premises are large in comparison with the practice list size.

3. The NHS will also reimburse business and water rates in full and, in certain circumstances, will reimburse clinical waste costs.

The practice should ensure systems are in place to monitor and claim reimbursements. As part of the annual accounts process this should also be reviewed annually. The accounts should clearly show the rent and rates reimbursements and expenses separately so that this can be monitored.

Owned premises

If the premises are a partnership asset then they should appear on the balance sheet, usually to the value stated at the latest revaluation. There is no requirement to update the accounting valuation unless it is needed for a change in the partnership structure.

The valuation basis can vary between practices. GP practices are in a unique situation where the value of their property is derived from the value of the national (or cost) rent received.

Since the income is virtually guaranteed, valuations are usually greater than the bricks and mortar value of the property.

Some practices may opt to value their property on the bricks and mortar, or alternative use. This helps to protect partners from any downturn in value, should the practice cease as a GP practice in future.

The ownership of the property often does not match the general profit sharing ratios. You would therefore expect that the allocation of rents and any property costs in the account should match the ownership structure.

In addition, the equity (valuation less loans outstanding) should be scheduled out in a property capital account so that the equity per partner is clearly shown.

Changes in the partnership

When someone leaves the practice they would normally expect their equity to be paid out. The practice will therefore need to arrange for a valuation of the premises at that point.

GP practices are unusual in that they can often get 100% of any property value funded by lending. In advance of a partnership change the practice should discuss early with the bank any lending requirements. As partners come and go, interim arrangements need to be agreed as a retiring partner may need to be paid out before a new partner has the lending agreed and in place for their share of the property.

Property expenses

In cases where the property ownership structure does not match the general profit sharing percentages, the practice will need to have a clear agreement in place stating which expenses are deemed to belong to the property owning partners and which are deemed to be general practice expenses. Discuss this with your accountant and your solicitor when updating a partnership agreement.

Leased premises

The main accounting issues concerned with leased premises are:

1. Ensuring that all rent and rates payments have been reimbursed by the NHS.
2. Any service charge liabilities have been factored into the accounts. If there are any subsidies owing then again these need to be included in the accounts.
3. Many leases include redecorating clauses or dilapidation clauses. The practice needs to ensure adequate reserves are built up to meet these costs as and when they arise and that these reserves are shown separately in the accounts.

Changes in the partnership through leavers and starters will also need to be reflected through the lease. New partners should review the lease terms prior to starting to make sure they understand the key terms and what risk is attached to them.

Often though, especially with older NHS properties there are no leases which makes life difficult for both the practice and the accountants advising on the possible liabilities.

Explaining the GP practice accounts

Part 9

How to deal with incoming /outgoing partners

Part 9
How to deal with incoming/outgoing partners

Changes among the partners is a common feature of general practice. In an ideal world succession planning is a regular item on the agenda for partnership meetings so an impending retirement shouldn't come as a surprise. But even with good planning changes can still occur with short notice. These are some of the areas to cover, including how the practice accounts need to be managed.

Partnership agreement

Ensure you have an up-to-date partnership deed setting out how much notice a partner needs to give of his or her retirement, and also setting out the time period within which the practice needs to pay back their capital. There may be different time periods for property capital and working capital.

The partnership deed should also set out whether the retiring partner will be paid interest on their capital between the retirement date and the settlement date, and/or whether the retiring partner will continue to be entitled to their share of the notional rent from the property.

There may also be restrictions in the partnership deed preventing a partner retiring within a short period following a previous retirement of another partner.

Property

It will usually be necessary to have any property assets revalued when a partner retires. The partnership deed will need to be clear whether the properties are to be valued on the assumption that they continue to be used as a GP surgery, or on an alternative use basis.

Where will the money come from?

The money to pay a retiring partner will need to come from a combination of:

- partners (existing or new)

- external lender (usually a bank).

Historically, a retiring partner was usually replaced by an incoming partner, and in this situation the capital due to the retiring partner was funded by the incoming partner. If your practice is fortunate enough to have found a replacement partner this should still work well. However, given the shortage of GPs seeking partnership, there is no guarantee of a new partner being found to introduce funds.

Bank

If the partners are unwilling or unable to invest further capital from their personal savings then an external lender will need to be approached. Banks continue to see the GP sector as low risk and are keen to lend. You might just ask them to lend the money you need to pay the former partner, or it might be an opportunity for a broader review of the finance needs of the practice.

Timing

Even where a replacement partner is being appointed, consider the timing of when the retiring partner is due to receive their capital and when the new partner will have to introduce their capital. The retiring partner may be due their capital within three months of retirement, but the new partner may only have to introduce capital at the end of a probationary period which could be longer. In these circumstances you should discuss with your bank whether an increased overdraft facility or a temporary loan is required.

Current account balances – the investment in the working capital

In addition to any property the retiring partner will have invested in the working capital and this is usually shown in the partner's current account within the practice accounts.

This amount needs to be accurately calculated by reference to the accounts. The calculations need to consider any possible liabilities – for example pension contribution shortfalls or seniority clawbacks (if still relevant) – that may be paid by the practice on the partner's behalf after they have left. Often a reserve is calculated by the practice accountant, which is deducted from the balance payable in the short-term. This protects the practice against any change in those liabilities, until they are settled in full.

The partnership agreement will set out when a leaving partner is entitled to be paid out and cashflow needs to be carefully planned to deal with this.

Incoming partners need to build up an investment in the working capital. Most will not have a capital sum to invest on day one so the partner will need to build up their investment over an agreed timescale through a combination of reduced drawings or leaving their share of any end of year payouts in the practice. As with cashflow, the timing needs to be planned carefully.

Administration and pension

You should not underestimate the administration required in relation to partner changes. This will involve updating performers list records, CQC registrations, pension records and so on. Each country in the UK will operate its own system.

Explaining the GP practice accounts

Part 10

Bookkeeping in the Cloud

Part 10
Bookkeeping in the Cloud

Introduction

Cloud accounting and payroll software has been available for several years now and products have improved consistently as new features are added.

Having your software stored on a desktop restricts what you can do and how you can work. The advent of Covid-19 led us to do more things online and the need to be agile with the ability to work from anywhere is now at the forefront of working practices – in GP practices and beyond.

The benefits

Cloud accounting brings many benefits;

1. The ability to work anywhere - you can access your software 24/7.
2. Most packages are "real time" and link with your bank accounts to download transactions daily, allowing you to keep on top of your cashflow.
3. Automated links from the bank reduce the need to key in transactions and therefore reduce the mistakes – saving on that time trying to make it all balance.
4. It's a fast moving world and we are already seeing document storage apps as well as specialist ones linking software to NHS payment systems so increasingly all your financial documents can be stored in one place online.
5. Access can be allowed at different levels for different staff from read-only to full access rights. Your accountant can see and work on the same data as you. Your partners can also view the data but not touch it!
6. Reports and budgets can be created within the software so that you can regularly monitor the performance of the practice. This is extremely important in the current environment.

Working with your accountant

It's always best to set packages up in collaboration with your accountant since they can advise you on the best option to choose. They will also be able to advise you about the correct coding structure and can even save time by importing codes to the package for you.

During the year as your accountant has access to the same data they will be able to support you if you need assistance or additional training. If issues arise around cashflow or questions on drawings come up then the accountant can see exactly where things stand.

At the year-end the transfer of documentation is much easier. No back-ups have to be taken and the days of carting boxes of hard copy files off to your accountant may be over!

As mentioned in point 6. above, your accountant will also be able to help you with setting up management reports, such as monthly profit and loss accounts or cashflow reports, so that you can keep on top of things with fewer surprises at the year end.

The options

There are many options available now but the common ones used in general practice are;

1. XERO
2. Quickbooks
3. Kashflow

All have different features and all work in different ways so speak to your accountant about what's best before you make your final choice.

We hope you have found this guide helpful. If you would like further advice about your accounts or any aspect of the financial management of your practice, visit the AISMA website to find your nearest AISMA accountant.

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PRACTICE INDEX

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