



Medical acronyms & accounting terms

A useful guide

The NHS is full of acronyms and jargon that frequently change and are added to. We've only written one sentence and already used an acronym!

Coupling this with accounting terms and our own acronyms and jargon can lead to confusion.

It's often difficult, as accountants working in the medical profession, to stop ourselves from automatically slipping into accountant-speak and using acronyms commonly known to us.

We've put together this summary to help with some of the most common terms and acronyms used by us and the medical profession. We hope this is useful and we'll update it periodically, given the constant changes in the NHS. It's not meant to be a comprehensive document but do let us know of any additions or omissions.

NHS acronyms and common terms

Accounting date	The year end for a business and so the date up to which accounts are prepared.
Accruals	An expense incurred by your business, for which you have not received an invoice yet, but which will become due for payment.
Added years	Additional employee pension contract to acquire additional pension benefits.
Allowable expenses	Business costs which are tax deductible i.e. reduce tax due.
Annual allowance	The amount of pension contributions or pension growth permitted each year before a tax charge arises on the excess contributions or growth.
APMS - alternative provider medical services	This is a flexible contract which can be made with private companies or third sector organisations. It can cover more than core general practice.
Audit	A detailed review and investigation of transactions and balances included in a set of accounts.
Balance sheet	A snapshot of all the business assets, less liabilities at the accounting date.
Benchmarking	Using key performance indicators to compare one practice with a sample of other practices.
Capital accounts	The partners' funds in a partnership.
Capital allowances	Allowances used in tax computations to write off the cost of an asset over a number of years. The rates are set by tax legislation.
Capital buy in	The funds that a new partner is required to introduce into a partnership to acquire a share of the business including the surgery, if appropriate.
Capital expenditure	Expenditure on items likely to benefit the business for longer than one year, for example, on office furniture or medical equipment.
CCG - clinical commissioning group	Responsible for commissioning the majority of NHS services within their local area. The membership is made up of GP practices, patient representatives & other health professionals.
CGT - capital gains tax	A tax on the increase in value of certain assets compared to the acquisition cost.
Comparative figures	The figures for the previous year or accounting period.
Cost rent	Income provided to a GP practice to reimburse the costs of financing the acquisition or build cost of the surgery.
CSG - cost sharing group	An independent entity made up of members who can share costs without triggering a VAT charge. If you are considering this, please take expert advice.
CQC - care quality commission	The independent regulator of all health and social care services in England.
Creditors	An expense incurred by your business, for which you have received an invoice, and which has been recorded in your accounting system, but not yet paid.
Debtors	Amounts owed to your business.
Deferred income	Income received in one year, which relates to future periods and is adjusted so that it appears in the accounts corresponding to the period to which it relates.
Depreciation	The writing down of fixed assets over their useful life - this can be set by the business and doesn't need to follow the tax treatment (see capital allowances).
DES - directed enhanced service	Nationally agreed schemes to provide services in addition to the core GP contract.

NHS acronyms and common terms

Dilapidations	A provision in a lease to repair a building to the original state when it was first leased.
Disallowable expenses	Business costs which are not tax deductible but can still be shown as an expense of the business.
Dispensing	Processing prescriptions and issuing medicines to patients.
Drawings	Amounts withdrawn by the partners on account of their profit share.
Dynamisation	The uplift of pensionable earnings to allow for the impact of inflation, when calculating GPs' pensions.
Employees' superannuation	Pension contributions made to the NHS Pension Scheme by employees and GP Partners – currently at a rate of 14.38% of pensionable pay.
Employers' superannuation	Pension contributions made to the NHS Pension Scheme by employers and GP Partners – there is a tier rate of contributions dependent on earnings.
Employment	Working for another person or organisation for an agreed salary or wage.
Exempt VAT	Services on which there is no VAT liability, for example some medical services and rent on residential property.
Federations	This is a group of GP practices who form a separate organisation, which delivers care to the local area.
Fixed assets	Items purchased by a business for long-term use, such as buildings or office furniture.
GMS - general medical services	Nationally agreed GP contract to deliver core services.
Goodwill	This is the difference between the purchase price of a business and the market value of the underlying assets. The sale of goodwill in a GP practice has been illegal since 1948.
GP solo	Forms which should be completed by GPs who wish to pension fee-based income such as Out of Hours, CCG or GPwSI (GP with Special Interest).
GP retainer scheme	A package of financial and educational support to help doctors, who might otherwise leave the profession, remain in clinical general practice.
Higher income child benefit charge	A tax charge incurred to claw back child benefit where one parent has adjusted net income in excess of £50,000. The clawback is 1% of each £100 in excess of £50,000.
HMRC - HM Revenue and Customs	Deals with the UK tax and national insurance system in the UK.
ICS - integrated care systems	These are being introduced by the NHS long-term plan to collectively manage resources and transform how care is delivered in the future.
IHT - inheritance tax	A tax on the estate of deceased person.
Income tax	The tax on business and employment income.
Incorporation	The process of forming a limited company and transferring your business to that company.
Intangible asset	A fixed asset you cannot see - for example, goodwill.
LES - local enhanced service	Locally agreed schemes to provide services to fill local needs in addition to the core GP contract.
Levies	These are deductions made from practice income to cover the funding of LMCs (Local Medical Committees).
Liabilities	Amounts owed by a business to third parties.

NHS acronyms and common terms

Lifetime allowance	This is the maximum capital value of your total pension benefits that you can accrue without incurring a tax charge. The current allowance is £1,073,100.
LIS - local implementation strategy	Local strategy to deliver the aims of the NHS long-term plan.
LLP - limited liability partnership	A partnership whose partners' liability to partnership debt is limited. It is required to file its accounts with Companies House. It is taxed like a partnership.
Locum A&B	Forms which should be completed by locum GPs who wish to pension their locum income. The completed forms need to be submitted to PCSE.
LTD - limited company	A corporate entity owned by shareholders whose liability is limited to the value of their shareholding.
MPIG - minimum practice income guarantee	This was introduced in 2004 to protect practices suffering a fall in income when the 2004 GP contract was introduced. It was withdrawn over the seven-year period from April 2014 and so ceased from 31 March 2020.
NES - national enhanced service	Nationally agreed schemes to provide services in addition to the core GP contract.
Net assets	The balance sheet value of the business at the accounting year-end date being the value of the assets less liabilities.
New to partnership premium	The Scheme commenced in July 2020. It enables new partners in GP practices, who are healthcare providers, to claim £20,000 for a full-time equivalent role (37.5 hours/week), together with additional training monies of £3,000. Part-time partners can claim on a pro-rata basis but will still be entitled to the full £3,000 training monies. The individual must remain a partner in general practice for a five-year period, otherwise the premium will be clawed back in proportion to the time spent as a partner.
NHSBSA - NHS business services authority	A part of the Department of Health which provides services and support to the NHS, including NHS Pensions.
NHSE - NHS England	A part of the Department of Health which oversees the NHS in England.
NI - national insurance	This is effectively a tax paid on earnings to qualify for certain state benefits and the state pension.
Notional rent	Income provided to a GP practice to reimburse the costs of providing the surgery. It is based on either the market rent the property would achieve or the actual rent incurred, if the surgery is leased.
NPL - national performers' list	Any GP, dentist or optometrist offering primary care in an NHS setting is required to be registered on this list. It is the practitioner's responsibility to update this list.
Officer	An NHS employee, who is not a GP or is a GP in an 'officer post'.
OOH - out of hours	The provision of urgent primary care when GP Surgeries are typically closed, i.e. from 6.30pm to 8.00am weekdays, weekends, and bank holidays.
Overlap profits	These arise when you start a business or join a partnership with a year end which is not either 31 March or 5 April. They are deducted from your taxable profit when you leave that business and ensure that you are not taxed twice on the same income.
Partial exemption	A VAT registered business which has both taxable and exempt supplies. For example, a dispensing GP practice will have the dispensing element of its business treated as taxable, whilst the treatment and provision of medical care to the patients will normally be exempt. Partially exempt businesses are not entitled to recover all of their input VAT, unless they satisfy a de-minimis level in input VAT.

NHS acronyms and common terms

Partnership	A group of self-employed individuals who have agreed to work together to form an unincorporated business. The partners are joint and severally liable for amounts owed by the partnership and have unlimited/personal liability for them.
PAYE - pay as you earn	The taxation of employment earnings where tax and national insurance is deducted at source.
PCN - primary care network	A group of GP practices working closely together along with other healthcare staff and organisations to provide integrated services to a local area.
PCSE - primary care support England	Maintains the pension records for GP practitioners for NHS pensions. Delivers digital, logistical and support services to GPs, dentists, opticians and pharmacists providing NHS services in England.
Pensionable pay	This is the income on which your NHS pension is based. It may be your earnings, if you have a salary, or the proportion of your net taxable profits relating to NHS work.
Personal allowances	This is the amount of tax-free annual income. For 2021/22 this is £12,570. The personal allowance is reduced by £1 for every £2 of taxable income once income exceeds £100,000.
Personal expenses	These are business expenses incurred by a GP partner personally, rather than by the partnership. These are often motor expenses, course fees or professional subscriptions.
PMS - personal medical services	Locally agreed GP contract to deliver core services. This care addresses local needs, whilst also keeping within national guidelines. These contracts are being phased out.
Practitioner	GP partner, salaried GP, or GP locum.
Premises directions	Sets out the regulations regarding the funding of surgery buildings for GP practices.
Prepayments	Business expenses which are paid in advance.
Prior charge / first charge	This is an allocation of a specific income stream or expense to a specific partner, rather than in accordance with the general profit-sharing ratios.
Profit & loss account	A summary of income receivable and expenses payable by a business over the course of their accounting period.
Property equity	The difference between the market value of a property and any borrowings secured on it.
QOF - quality and outcomes framework	Reward and incentive programme for GP practices to achieve national healthcare priorities. Practices are paid determined on the number of points received, adjusted for disease prevalence and patient list size.
Salaried GP	This is a GP employed by a GP practice. They receive a salary and are not entitled to a share of profits.
SDLT - stamp duty land tax	A tax on some transactions in land, including the purchase of freehold property, buying a lease, or acquiring a property in exchange for taking on a mortgage or loan. The tax is charged if the consideration exceeds the £150,000 for non-residential property and £125,000 for residential property from 1 October 2021.

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Self-assessment	Some UK taxpayers are required to submit a personal tax return each year and calculate their income tax, capital gains tax and national insurance liabilities. This normally applies if you are a higher earner, have property income or are self-employed. The taxpayer 'self-assesses' their tax on the return.
Self-employment	A person, or group of individuals (partnership), run their own business and take responsibility for its success or failure. They have the benefit of any business profits and suffer any business losses.
Seniority	This is an income stream paid to GP partners based on the period working as a partner. This was phased out in March 2020.
Standard rate VAT	This is the rate of VAT charged on the majority of taxable supplies and is currently 20%.
Statement of fees & entitlements	Sets out the level of fees and service specifications for GP practices under the core GMS contract.
STP - sustainability and transformation partnership	Introduced in 2016 to bring together local NHS organisations to produce local plans for the future of health and care services. These are now evolving into Integrated Care Systems.
Superannuation	Pension contributions made to the NHS Pension Scheme.
Tangible asset	A fixed asset that you can physically see, for example, a building.
Total rewards statement	A statement produced by NHS Pensions each year showing your NHS Pension entitlement, previous year's pension contributions and historic pensionable earnings. This is available online.
Type 1 GP	A GP partner or a GP shareholder in a company holding a contract for the provision of primary care for pension purposes.
Type 2 GP	A salaried GP for pension purposes.
Unincorporation	The process of transferring your business from a limited company to a partnership or sole trade.
Use of home	This is an amount claimed for tax relief in respect of time spent at home working on practice affairs and CPD (Continuing Professional Development).
VAT - value added tax	A tax on services supplied and costs incurred. There are various rates of VAT, with the standard rate being 20%. Some services are exempt, for example medical services which are undertaken to benefit the patient's health.
Working capital	The funds required to enable a business to function on a day to day basis, to ensure that bills and salaries are paid when due.

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