

LATEST STATS SHOW BUSINESS FAILURE RATES REMAIN DOWN

A sixth consecutive fall in corporate insolvencies nationally will come as a surprise to many business owners in the Black Country struggling to keep afloat, says Black Country insolvency expert John Travers.

He says that the official figures from the Government's Insolvency service which showed a 2.2 per cent decrease in the numbers of compulsory liquidations and creditors' voluntary arrangements during quarter 3 of 2010 bucked the normal post-recessionary trends for corporate insolvency.

Mr. Travers, of Stourbridge-based insolvency and business recovery advisers John D Travers & Co, says that government policies were proving successful in helping to maintain a level of stability but fears that the recent continued fall in business failure rates could be the calm before the storm.

There were 3,974 compulsory liquidations in total in England and Wales in the quarter to the end of September, a decrease of 13.9 per cent on the same period a year ago.

Additionally, there were 1,141 other corporate insolvencies comprising 349 receiverships, 633 administrations and 159 company voluntary arrangements – in total a decrease of 27.7 per cent on the same period a year ago.

"Current fiscal and monetary policies such as 'time to pay' agreements and low interest rates, coupled with an increasingly supportive attitude from the banks, have kept numbers down," says Mr Travers.

"In addition, there are 400,000 businesses reported as relying upon delaying their tax payments to HMRC.

"It is unlikely that this situation will be sustained. And, with the ripple effect of government spending cuts and the January increase in VAT to follow, it could be an very unhappy new year indeed for many," he predicts.

"Owners and managers should be aware of the potential hazards for their own businesses if government liabilities are accruing, order books start to dry up, or in the event of non-payment by creditors," he advises.

R3, the insolvency trade body, has predicted an increase in corporate insolvency numbers next year to 27,500; in 2009 the figure was 26,400.

Of the nearly four thousand corporate insolvencies, just over a quarter were compulsory liquidations (down 3.2 per cent on the previous quarter and down 12.6 per cent on the same period last year), with the bulk being creditors' voluntary liquidations (down 1.8 per cent on the previous quarter and down 14.4 per cent on the same quarter last year).

Ends 10/11/10