

“A potential epidemic on the cards”

There is real concern relating to the extent to which businesses are slashing profit margins in order to entice consumers to spend their cash. Very little fat is being left to weather the tough conditions forecast for the first quarter of this year.

Commenting, Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons said “Difficulties are arising against a backdrop of over fifteen years of growth and it is true to say that many management teams have little or no experience of operating in a downturn. Spending is being slashed, unemployment levels are rising, supplier payment terms are being stretched and personal and business credit is being tightened.”

Could these symptoms be a precursor to a potential epidemic of insolvencies this year?

“There is little doubt that many businesses across a broad spectrum have already thrown in the towel rather than face the current unprecedented economic conditions. Other businesses are really suffering with many on the cusp of insolvency. However there are always options if the problems are caught early enough. Businesses must be constantly vigilant in the coming months if they are to weather the storm and ask for help at the very first signs of crisis,” added Phil.