



E-mail News Release

“Insolvency lag could be dangerous for businesses”

The next few months are likely to be a perilous time for businesses despite the economy entering calmer waters with a predicted rise of insolvencies on the horizon. It is expected that corporate insolvencies are likely to reach over twenty six thousand in 2010 with March being cited as the most dangerous month.

Said Phil Wood, managing director of Staffordshire based business rescue and turnaround specialists, BCR, “Typically when a recession comes to an end, there is a delay before the business sector begins to feel more optimistic. This insolvency time lag is due to a number of reasons. For example, it may well be that businesses have been drawing on their reserves in order to survive and now find those resources depleted, lenders may continue to be over-cautious and once any semblance of growth returns, creditors are likely to be more aggressive.”

He added: “2009 was the year of a generous helping of goodwill. The taxman allowed time to pay, suppliers extended credit terms and landlords offered flexible rental terms. Once the status quo returns, businesses must be well prepared.”

ENDS

18th January 2010.

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