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# Focus Insolvency News

- 1st choice for debt and cash flow problems

Issue 19: July 2013



## Hello

Welcome to the July issue of Focus Insolvency News.

In the last month we've seen a plethora of research released regarding business confidence and growth; both are up but are they the buds of a slowly recovering economy that we are looking for?

But first we report on R3's latest research that suggests many businesses are far from recovery as more and more report serious cash flow problems.

We also have a new video on our YouTube channel and don't forget about our new series of debt advice open days to which you can refer any clients you think could benefit from professional insolvency advice. All details can be found below.

Remember if you have any suggestions, ideas or comments on the stories and information we feature then please do get in touch, we'd love to know what you think, [drop me an email](#), or you can contact us on our [Twitter](#), [Facebook](#), [Google+](#) or [YouTube](#) pages.



**Anthony Fisher MIPA, FABRP**  
*Licensed Insolvency Practitioner*  
*Managing Director*

## Businesses with serious cash flow problems increase to new high



The latest 'zombie business' tracker results conducted by insolvency trade body R3 indicate that 134,000 UK businesses are struggling to pay their debts as and when they fall due, a major indicator of an insolvent status.

It means that there are an extra 24,000 businesses in this position than the same time 12 months ago.

The results did show an improvement in the amount of 'zombie businesses' - those that are only able to pay the interest on their debts - with a reduction from 146,000 a year ago to current level at 108,000.

The increase in the number of businesses experiencing severe cash flow difficulties indicates a deteriorating outlook for those that are struggling.

Over 200,000 businesses in total are either struggling to pay their debts when they are due or are negotiating payments terms with their creditors.

Liz Bingham, President of R3, says: "Businesses struggling to pay debts when they fall due are in a very perilous position. While they have yet to enter formal insolvency procedures, businesses with such serious cash flow problems may find that the day of reckoning is not too far off."

"There are fewer 'zombie businesses', but this is not necessarily because businesses that have been in this position are showing signs of improvement. Far bigger cash flow problems are occupying the thoughts of these businesses' managers."

Lenders will be faced with tough decisions in the near future as they will be forced to decide which businesses to continue to support out of their financial difficulties in the recovering economy, and which are better to let die.

Liz Bingham continued: "With the economy recovering, it's crunch time for struggling businesses as lenders start to make their minds up about which businesses to continue to support and which businesses to call time on."

"Not all struggling businesses are doomed to failure. The prolonged period of low interest rates and government support schemes has made it hard to distinguish between businesses that are struggling but viable and those businesses that do not have a future."

In 2009 R3 research showed that over a quarter of corporate insolvencies were due to another company's insolvency. R3 commented that an orderly 'wind down' of non-viable insolvent businesses will be required to prevent this 'domino effect' in the future.

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## Business confidence increases to 13 month high



UK business confidence has increased to a 13 month high as companies increase output and create new jobs; showing signs that the economy may have turned the corner to recovery.

Optimism for future trading performance is currently at its highest point since May 2012 following a steady consecutive five month growth according to accountants BDO.

Output also stood at a 13 month high in the survey driven by improvements among manufacturers. The research follows separate data released last week that showed UK manufacturing logged its strongest growth in more than two years.

More research from Lloyds has also shown improvements that it's described as a "brightening economic picture" recording increased business activity across all English regions during June showing the strongest growth on the whole since January 2012. The fastest advances in output were seen in London, the North-West and the West-Midlands.

Lloyds commented that there were strong signs of many companies winning new business thanks to improving corporate and consumer finance. Both factors have led to an increase in job creation in eight of the nine English regions last month with only the North-East showing a decrease.

The high street however has produced some contrasting results. Consumer spending rose at its highest rate in 18 months during June encouraged by low prices and the improving weather according to Barclaycard who said that the 4.9% increase on the same period last year shows that the economy is continuing to recover at a steady rate.

However, BDO were more cautious over what it said were disappointing results for the high street in June commenting that overall like-for-like sales only increased by 0.7% compared to the same period last year.

BDO's Peter Hemmington said: "While it's encouraging to see confidence continuing to improve, we should be mindful of the zigzag trend that has characterised UK business confidence since 2008. This time, the worry is that financial market turmoil arising from the actions of the Federal Reserve will choke off yet another nascent UK recovery."

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## The Latest UK Personal Debt Statistics

- £54,024 was the average household debt (including mortgages) in May
- £164m was the daily amount of interest paid on personal debt in May
- 7,824 new debt problems were dealt with by the CAB each working day over the year to March
- 1,545 people were made redundant every day between February and April
- 898,000 people had been unemployed for over a year between February and April
- £10.21m of loans are written-off daily by UK Banks and Building Societies
- Every 16 minutes 26 seconds a property is repossessed
- Every 5 minutes 15 seconds someone will be declared insolvent or bankrupt
- £1.455 billion was the daily value of all purchases made using plastic cards in April

Stats from Credit Action

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## New YouTube Video

Last month we launched our new YouTube channel with our [welcome video](#).

Our next video, 'Benefits from Professional Partners' in which you will find information about our professional partnership schemes and the benefits of working alongside Focus Insolvency Group, not only for your clients, but for your business as well, is now available to watch, just click below.

In the coming months you will find a collection of videos being uploaded about us as a company and the varied and tailored solutions we can offer to a wide range of debt problems and financial distress; be it for consumers or businesses.

But for now, please enjoy our 'Benefits for Professional Partners' video.



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### Latest Press Release - Changes to the Board of Directors at FIG

Our latest press release about our new appointments to the board of directors featured in the GM chamber member news this week, [take a look](#).



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### Debt Advice Open Days

Our debt advice open days are available nationwide, you can refer any clients you think could benefit from professional face to face insolvency advice.

Open days are not only a perfect opportunity for you to refer clients in financial difficulty for advice, but also for us to meet our professional partners face to face, we're always keen to forge new and mutually beneficial relationships as well as developing our current alliances.

You can see the latest dates and areas for our debt open days [on our website](#) . For more information or to book an appointment you can contact the office on 01257 257038 and ask for Andy or email [a.platt@focusinsolvencygroup.co.uk](mailto:a.platt@focusinsolvencygroup.co.uk)

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## Digital Company Brochure Available

We would like to draw your attention to our digital company brochure. It can be viewed on our [website](#) or be downloaded as a PDF by clicking the icon on the right. We hope you find it a useful source of information about the services Focus Insolvency Group can offer to you and your clients.



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## Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 257030 or email [a.fisher@focusinsolvencygroup.co.uk](mailto:a.fisher@focusinsolvencygroup.co.uk)

Focus Insolvency Group deals with corporate matters, whilst Debtfocus helps struggling businesses and consumers and Moneyfocus raises finance on the general market. Our restructuring arm, Phil Stone Consultancy, can help businesses internally to restructure the company with or without formal insolvency proceedings.

We pride ourselves on being the experts of choice for anyone struggling in business or with debt.

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