



PRESS RELEASE

COUNTING THE CASUALTIES OF RECESSION AND LOOKING TO THE FUTURE

On 24 February, Martin Pickard enthralled an audience of 70 local business people at the Bedford Breakfast Club with his presentation entitled 'Musings from an Insolvency Practitioner'. As a seasoned professional who has spent the past 13 years as a local Mazars partner, he was able to put the frightening figures of the subsiding recession into context.

The audience was surprised to learn that even during the Blair/Brown boom, approximately 15,000 companies were declared insolvent in England and Wales, per year. This figure rose to just over 25,000 in 2009, with a spike in voluntary liquidations, rather than companies being chased through the courts by creditors, as the recession set in.

"Prior to the recession there was a natural ebb and flow of insolvencies. The early parts of the recession saw a rise in the number of smaller companies declaring 'enough is enough' as losses began to mount and raising money became more difficult.

Few realise that, at the moment, there are approximately 200,000 companies across England and Wales that are behind on their tax payments – primarily VAT and PAYE," commented Martin.

There is an inevitable time lag between entering a recession and the rising tide of insolvencies but the Government's relaxed attitude to tax collection has been a particular feature in this case. Any future reining in of credit by the tax authorities is bound to increase the volume of insolvencies even more.

Martin warned directors that there are signs that taxmen are beginning to sharpen up their approach to debt collection and trouble is on its way for those companies which have fallen behind on their taxes.

Martin's rounded overview of insolvency rates concluded by detailing the less dramatic rise in personal insolvencies.

"From 2006 through to 2008 personal insolvencies hovered at around 100,000 per year. In 2009 they rose to almost 135,000, which includes the introduction of debt relief orders during this period. This figure is not far off the population of Bedford but much smaller, in percentage terms, compared to recent rises in corporate insolvencies."