

LONDON FIRMS ON CASHFLOW ALERT

The spectre of cashflow problems is once again haunting London companies, according to Lloyds TSB Corporate's Business in Britain report.

Twenty-two per cent of firms in the capital reported cashflow difficulties, three per cent up on six months ago and five per cent more than the current national average figure.

Growing problems in dealing with late payment by customers may lie behind this trend. Sixty per cent of companies experiencing cashflow troubles cited this as a reason for their problems, six per cent up on January's survey.

On a brighter note, only 32 per cent of businesses highlighted falling demand or a lack of business as the chief conditioning factor behind cashflow troubles, an impressive fall of 12 per cent since June 2003.

Nationally, hoteliers and caterers are faring best, with a mere nine per cent citing cashflow as a headache, one per cent down over the last six months. Almost a quarter (22 per cent) of manufacturers, are still encountering problems.

Linda Pollard, Lloyds TSB Corporate, said: "These figures demonstrate that firms need to maintain a disciplined approach to managing their business performance in order to avoid cashflow disruption.

"This comes at a time when many firms are reaping the benefits of the demand for sales generated by the global economic recovery, high employment and strong growth in personal incomes.

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“Against this background of economic improvement, it would be easy for businesses to lose sight of the everyday disciplines, such as keeping a watchful eye on their cashflow situation. London companies have done a great job of battling back against cashflow problems in recent times, but need to be careful to avoid falling back once more.

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Notes to Editors:

- Data available by region, sector and company size from the Lloyds TSB Press Office.
- The Business in Britain survey has been carried out twice yearly since 1992. Responses from 2,144 firms with turnover above £1 million, were collated for this edition of the survey.
- Lloyds TSB Corporate provides financial, banking and advisory services, tailored to the needs of businesses with a turnover greater than £2 million per year. It currently manages the financial requirements of over 15,000 corporate customers throughout the UK, incorporating private equity, acquisition finance, capital markets, structured asset finance and registrars.

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