

UK FIRMS BEAT CASHFLOW WORRIES DESPITE BASE RATE HIKES

UK companies are beating the cashflow blues, according to Lloyds TSB Corporate's Business in Britain survey.

Just 17 per cent of firms reported cashflow difficulties, one per cent down on twelve months ago and the lowest figure since the survey was first conducted in June 1992. The highest ever figure was recorded in 1992, when 56 per cent faced troubles.

Those firms still facing problems are also doing a better job of overcoming late payment by customers. Sixty-three per cent of these companies cited this as a problem, eight per cent lower than the start of the year.

Meanwhile, only 29 per cent of businesses highlighted falling demand or a lack of business as the chief conditioning factor behind cashflow troubles, an impressive fall of 15 per cent since last year.

On a sector by sector basis, 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. Manufacturers (22 per cent) are still most likely to encounter problems.

Diana Brightmore-Armour, managing director, Lloyds TSB Corporate, said: "These outstanding figures demonstrate exactly how well UK firms are adopting a disciplined approach to managing their business performance."

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Diana continued: “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.

“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. It’s reassuring to see that this clearly isn’t the case.

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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 since 1992. Survey responses collated from from 2,144 firms with turnover above £1 million.
- 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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