**Is the recession over?**

The percentage of companies going into liquidation has fallen to near its lowest level since the recession started. There are 2.7 million active companies in England and Wales and of those there were 3,875 liquidations in the third quarter. That is about 2% down on the same quarter last year when there were 3,954.

In numbers that means liquidations on all active companies are running at 0.6% per year or perhaps more easy to see 6 out of every 1,000. The long term average over 25 years is 1.2% so it is currently running at half the rate. That in itself looks like good news and perhaps we are coming out of the recession.

Liquidation is usually used where the business is at an end. If part or all or something can be saved a company usually goes into administration.

There were 544 administrations in the third quarter of 2013 compared to 548 in the same period a year ago. So a slight fall and a reasonable sign (well, in terms of in the right direction anyway).

The Insolvency Service now publish the result by industry type as well. Most of the insolvencies in the last 12 months were in construction. Coming in at a close second was the sector of vehicle repairers. We can confirm both of these feature ‘up the list’ in the type of work we have done in the last year but I suspect vehicle repairers have suffered more in the Midlands where there are more car makers.

Our view is that we have seen the worst of the recession and the economy as a whole is recovering but there are regional pockets that are recovering faster than others. There are also industry sectors still suffering and that may not necessarily be from the recession but for other reasons. For example the high street consumer electrical goods market has been knocked badly and is still having a tough time because of the internet.

The biggest threat though which is still to come at some point is a rise in bank base rates. They have now been at historically low levels since 2007 when the recession started and I think business owners and consumers start to forget what it was like to have a 5% mortgage rate.

The mortgage market has also changed and there are quite a few borrowers who self-certified their income to get large mortgages who cannot easily move because those types of mortgages have disappeared.

What effect will base rate rises have on the recovery as a whole has to be a concern. Interest rate predictions were that it would stay flat until at least 2015 but the recovery and growth may mean that rises have to come sooner rather than later.

When asked to give general advice to someone in business today about how to protect their business for the future these are some of the tips I give:

* If you can trade as a limited company – it gives you some protection if things go wrong.
* Make sure all of your paperwork says you are limited and that your suppliers know.
* Pay off the most expensive debt you have first and remember business debt is tax deductible but personal is not so it may mean it is better to clear personal debts even with lower interest rates.
* Be careful what you take hire purchase or lease finance on. It is better to borrow on non-essential equipment than something critical that could be repossessed. You may not be able to trade without it.
* Make sure you have clear terms of business that you own what you sell until the customer pays for it.

If this advice is a little too late for you and your business is already struggling feel free to contact me on 01752 786800 for a free initial meeting.