

Retail sector

suffers Biggest rise in Business failures in 2006

Many small businesses in the retail sector will be happy to see the back of 2006, as the sector suffered the biggest year-on-year increase in business failures.

According to business information specialist Equifax, the sector experienced a 17.2 per cent rise in failures over the previous year and, despite the usual seasonal flurry in December, the overall story for the year was one of consumers taking greater care when choosing how and where to spend their money.

Neil Munroe, external affairs director at Equifax, said that many of these business failures would have been small firms.

"It is therefore vital that SMEs take advantage of the tools available to them to reduce the financial risks to their businesses," he insisted.

"Carrying out initial credit checks on customers and suppliers, supported by ongoing monitoring of any changes to their financial status, is essential to protecting SMEs from the risk of bad debt and their business failing," he said.

Wales suffered the most with a 13.4 per cent rise in business failures, while the proportion in the south-east increased by 9.3 per cent.

However, companies in the service sector enjoyed a relatively good year, with business failures falling by 7.7 per cent against 2005.



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