Scotland’s levels of business distress saw a fall in the last quarter, beating the UK average during the third quarter of 2014, according to new data released today, but there were clear winners and losers with the retail sector bearing the brunt.

Scotland’s firms showed instances of ‘significant’ financial distress, the signals that indicate the early signs of financial trouble, falling by 3 per cent since Q2 2014, compared to the UK average rise of 1 per cent.

More serious instances of ‘critical’ business distress had fallen by 11 per cent in the last quarter in Scotland compared to the previous three months, beating a UK average fall of 5 per cent according to the latest Begbies Traynor Red Flag Alert research.

The latest figures released today (22 October 2014) show that between July and September, there were 12,287 instances of ‘significant’ distress in Scotland compared with 12,655 in the previous period.

Scotland’s businesses saw instances of the more advanced ‘critical’ business distress (namely Decrees totalling over £5,000 or winding-up petitions) fall from 145 in Q2 2014 to 129 in the latest period.
The Scottish economy also fared well in relation to rest of the UK when compared with the same period a year earlier, with a modest 2 per cent rise in the significant distress (10 per cent UK average rise) and a 12 per cent fall in critical instances, exactly matching the UK average.

The performance of the different parts of Scotland’s economy varied dramatically however, with many sectors seeing large increases in significant distress year on year including: food and drink manufacturing (up by 69 per cent); wholesaling (up 56 per cent); food and drug retailing (up 47 per cent); and retailing (up 29 per cent).

Those sectors enjoying the largest falls included: professional services (down 12 per cent); travel and tourism (down 19 per cent); bars and restaurants (down 29 per cent); and transport and logistics (down 13 per cent).

“We have had a tumultuous few months in Scotland, with global sporting events and the most important vote in the history of the UK, but despite the distractions it has been business as usual for many,” commented Ken Pattullo, group managing partner in Scotland for Begbies Traynor.

“The slight falls are somewhat accounted for by seasonal averages, and we just hope that the impact on retailing that was the biggest factor in the statistics can be put down to unusual weather as it was largely attributed elsewhere in the UK, and not a more long term trend.

“The bars, restaurants, hotels and leisure businesses in Scotland saw a real boost from the Commonwealth Games and the Ryder Cup, and we hope the huge publicity for the country that came from those events, and even the election coverage that placed Scotland at the centre of the world’s media for some weeks, will have a lasting benefit for the leisure sector well beyond this year,” concluded Mr Pattullo.

<ends>

Photo shows: Ken Pattullo, group managing partner in Scotland for Begbies Traynor

For further information contact:

Paul Snape on (01423) 56 99 99 or paul@appealpr.com

Notes to editors:

About Begbies Traynor Group
Begbies Traynor Group plc is a specialist professional services consultancy providing independent professional advice and solutions to businesses, financial institutions, the accountancy and legal professions and individuals in the areas of recovery, corporate finance, investigations and risk management. It is listed on AIM (Ticker: BEG). Further information can be found at: www.begbies-traynorgroup.com.

About Red Flag Alert
Red Flag Alert measures corporate distress signals through a comprehensive and complex methodology, drawing on factual legal and financial data from a wide range of relevant sources for companies that have been trading for over a year.

The release refers to the numbers of companies experiencing ‘Critical’ problems which are those with Decrees totalling over £5,000 within a three month period or winding-up petitions against them or which have entered Corporate Voluntary Arrangements.

Red Flag Alert is commercially available to all businesses, on an annual subscription basis, to help them better understand risk and exposure and help prepare them for the future. Further information about Red Flag Alert can be found at: www.redflagalert.com