



29th May 2009

## SMEs reliance on single debtors highlights dangers of domino effect

For 350,000 SMEs over 75% of turnover comes from one single client

Close Invoice Finance, part of the FTSE 250 merchant banking group Close Brothers Group plc, has today revealed that 350,000\* SMEs across the UK rely on a single customer for over 75% of turnover, highlighting UK businesses alarming vulnerability to bad debt.



The survey of over 500 SME owner managers by Close Invoice Finance also found that more than three in five SMEs have no insurance to protect against customer default.

David Thomson, Chief Executive Officer of Close Invoice Finance said: "By relying heavily on one single customer, companies put themselves at serious risk of business failure should this customer fall into financial difficulty. Simply, this means one company's financial downfall can mean bad debt has a domino effect and will precipitate another business' collapse."

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**David Thomson**  
Chief Executive Officer,  
Close Invoice Finance

David added: "The fact that more than three in five of those surveyed admitted to having no insurance to protect against clients defaulting on payment underlies how much companies put themselves at risk. Having tools in place to mitigate the risk of bad debt is fundamental to a healthy sales ledger. Cash flow management tools can give companies complete peace of mind by providing protection against the impact of these issues." ►

The domino effect of bad debt is highlighted by the drastic increase in the number of companies going into liquidation. According to the latest figures from the Insolvency Service, 4,607 companies went into compulsory liquidation or creditors' voluntary liquidation during the fourth quarter of 2008 in England and Wales. This is a rise of 11.9% on the previous quarter and an increase of 51.6% on the same period a year ago.

Close Invoice Finance is known for responding quickly to meet the changing needs of clients. As more and more businesses are impacted by late payment and bad debt, Close recently upgraded its award-winning invoice discounting product, IDeal™, to include bad debt protection cover. IDeal™ now offers clients all the benefits of the real-time exchange of payment, plus the extra peace of mind of that comes with knowing they are fully covered should any of their protected customers fail to meet payment terms.

For further information on Close Invoice Finance and our portfolio of products, contact us on 0800 220 257 or [info@closeinvoice.co.uk](mailto:info@closeinvoice.co.uk). [www.closeinvoice.co.uk](http://www.closeinvoice.co.uk) ●

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