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Insolvency rates 'are likely to rise in New Year'

Practice area: [Insolvency](#)

Companies in the UK are likely to see the threat of [insolvency](#) become more pronounced in the first few weeks of 2010, according to an accountancy firm.

Woods Squared has warned UK firms that the recession is "far from over", highlighting estimates which suggest that as many as 130,000 businesses are currently in danger of going under.

It also suggested that many firms which are counting on strong Christmas sales to rescue them may be disappointed, as a tide of insolvencies is predicted in the New Year.

Alan Woods of Woods Squared stated that late payments and poor control over credit will be major reasons behind this, with these factors even proving a threat to relatively well-performing businesses.

He added: "2010 will be a hugely challenging year as the UK comes to terms with the recession and starts the first unsteady steps towards recovery."

This follows predictions made by [insolvency](#) trade body R3 last month which forecast a "bloodbath" in the New Year, leading to the bankruptcy of many big-name high street chains.