

Raising Finance – Increase in the percentage of SMEs utilising asset finance

Beanstalk Management has found out that a study by the Open University Business School indicates that the worsening of the economic conditions has hindered the sales of an important number of companies in the UK. The researchers questioned close to 1300 small and medium companies across the country and it appears that London based respondents have been hit the hardest, approximately 71 percent of small businesses in London having experienced a decrease or at best stagnation in their sales revenues at the end of 2008.

Raising finance has always been a thorny issue for Small and Medium size Enterprises even more so considering the truculent conditions the current economic downturn has brought-upon the business environment. Results of recent research studies show that there is an increasing number of companies that are considering the use of asset finance as a means of assuring funds' effectiveness and also for fiscal purposes. At this point up to 33 percent of the SMEs in the UK have recourse to asset finance, and according to a survey undertaken by a finance consultancy among circa 800 Welsh companies, there has been a specific rise in demand for invoice discounting products. The figures have gone up a good 8 percent since the third quarter of 2007 when the percentage rose to only 25, as at the moment asset finance represents 33 percent of the total SMEs financing.

As raising finance is an overriding concern, especially when faced with rugged market conditions SMEs in London seem to be facing quite a challenge especially considering that banks are now more sceptical when it comes to lending and have become more thorough when tackling issues related to risk policies.

Richard Baker, Director at Beanstalk Management commented that "there is now an increasing for SMEs to use an experienced corporate advisory house such as Beanstalk Management to help raise finance. Even in these difficult times good businesses are still very desirable".

Editors Note: Founded in 2005, Beanstalk Management is an innovative, expert business broker specialising in buying and selling businesses, raising finance and strategic consulting.

Tags: Beanstalk Management Limited, Raising Finance, Business Broker, Business Finance, Corporate Advisory House.