

npower Warns Outdated Financial Records Could Prolong Financial Instability



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npower warns that despite evidence showing the UK economy is now out of recession, out of date financial records could prolong financial instability for many UK businesses. This is likely to impact credit ratings, reducing businesses' access to finance and essential supplies, like energy.



Companies House records can be anything from 12 to 18 months out of date, which means that a company's financial viability will be judged on its performance mid-recession, irrespective of how well it is doing now. Major credit rating agencies typically use these statutory accounts to assess financial health and, despite the scale of the problem, a large number of businesses have a lack of understanding on how their credit rating can impact their business.

Wayne Mitchell, head of corporate sales at npower, explained: "Poor credit ratings mean insurance companies are withdrawing credit insurance for businesses, a necessary guarantee that allows them to negotiate contracts with suppliers. This is impacting businesses' access to essential supplies like energy and in the worst cases, could lead to tighter payment terms, restricted forward purchasing and even security deposits. In 2009 more than £100m worth of insurance was withdrawn for our [business customers](#) and we predict it will continue to be an issue for many businesses in 2010.

"That is why we are calling on businesses, [energy suppliers](#) and credit insurers to work together to avoid a credit crisis and prevent businesses facing challenges in securing energy supplies. There needs to be open dialogue and information sharing so that financial decisions are based on real-time data and are not solely reliant on the information held by Companies House."

[npower](#) is also working closely with the Major Energy Users Council (MEUC) to reach businesses and bring to their attention the importance of carefully managing credit insurance.

Andrew Buckley, chief executive at the MEUC said: "This is a major issue for our members and we want to help them avoid any difficulty in negotiating energy contracts due to statutory accounts that bear no resemblance to their current situation.

"We believe that increased openness is the only way forward to ensure that suppliers and credit insurers have the full picture before making decisions about a business's financial health. Everyone needs to work together to ensure that out-dated credit ratings do not impede the UK's economic recovery."

ENDS

Notes to Editor:

About

npower:

npower is one of the top energy suppliers to the UK business market, serving over 238,000 small to medium sized enterprise sites and around 17,000 industrial and commercial customers, with over 100,000 sites

npower is dedicated to helping UK businesses [use energy more efficiently](#) and therefore spend less money on their bills. It aims to have a positive impact on the communities it serves and reduce customers' carbon footprints whilst always improving service.

npower specialises in risk management solutions, including market-leading flexible energy purchasing, energy efficiency, and broader [energy management](#) functions, tailored to every size of business.

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