

GRAYDON UK WARNS AGAINST EUROPEAN COMMISSION ACCOUNT FILING PROPOSALS

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Legislation Set to Further Hamper Access to Commercial Finance

European Commission proposals removing the obligation of companies with turnovers below €1m to file accounts at Companies House could further reduce access to finance for micro-businesses in the UK, according to commercial credit referencing agency (<http://www.graydon.co.uk/UKContent/UKPublicHTMLPages/index.html>), Graydon UK.

The new legislation would permit European Union member states to excuse firms from filing accounts in a move hailed by Charlie McCreevy, EU Commissioner for internal markets and services, as being essential to easing the administrative burden on small firms across the EU and offering accompanying average annual cost savings of €1,200.

Under the terms of the proposed legislation, firms with total balance sheets of under €500,000 and with less than 10 employees would also no longer be obliged to file accounts at Companies House.

Graydon UK, however, believes that the possible removal of annual accounts as a means by which banks and credit insurers, as well as commercial credit agencies, assess the strength and viability of companies, could see the availability of credit dry up further in an already desiccated market. The Institute of Credit Management also shares the concerns raised by Graydon UK.

Martin Williams, Managing Director, Graydon UK, said: "The European Commission is trumpeting the instant cost savings this legislation offers to micro-businesses across the EU. What this announcement really shows however is a complete inability on the part of the politicians to understand the wider economic landscape in which these firms are operating.

"Lenders and insurers are thinking harder than ever before about the risks they take on small firms. Taking away access to vital statutory account information will serve to achieve nothing other than to further heighten the current state of uncertainty and reduce even further the availability of both a credit limit (<http://www.graydon.co.uk/UKContent/UKPublicHTMLPages/CreditReports.html>) and credit insurance.

"If this becomes law, commercial credit reference agencies will have to redouble their efforts to capture trade payment data from the sales ledgers of client donors to produce credit score ratings (<http://www.graydon.co.uk/UKContent/UKPublicHTMLPages/CreditScoring.html>) to fill the information gap, without any guarantee that all cases would be covered. The emphasis on collecting payment experiences would follow the USA example where American credit reports tend to be very trade payment oriented since public quoted corporations are the only companies obliged to file statutory accounts.

"Ultimately, the European Commission doesn't seem to have any idea how this information vacuum would be filled and should this become law micro-businesses will inevitably suffer as a result."

Philip King, Director General of the Institute of Credit Management agrees: "Reducing the amount of

accounting information available simply negates the opportunity to make reasoned and informed credit decisions, and in turn stifles business. Businesses have to produce accounts anyway, so what is the issue in not filing them? It just sends a signal, fairly or not, that the company may have something to hide and that cannot be to anyone's advantage."

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Notes to Editors:

About Graydon UK

Graydon UK is one of the leading database information providers specialising in credit risk management and risk assessed marketing lists. The company helps clients reduce the uncertainty of doing business by providing a complete, differentiated and high-quality package of credit risk management services. Graydon provides access to credit information and reports on companies in more than 130 countries worldwide. The Graydon group is owned by Atradius, Coface and Euler Hermes, three of Europe's leading credit insurance organisation. www.graydon.co.uk

In 2008, Graydon UK Managing Director Martin Williams was invited by Philip King, Director General of the Institute of Credit Management (ICM), to join the ICM think tank (an expert panel of 20-25 industry leaders who meet quarterly and act as an influencing force on all issues related to the credit industry in the UK.). That same year, Martin Williams was honoured by Credit Today, after being included on their Credit 100 list of people who have had the greatest impact in the credit industry during 2008.