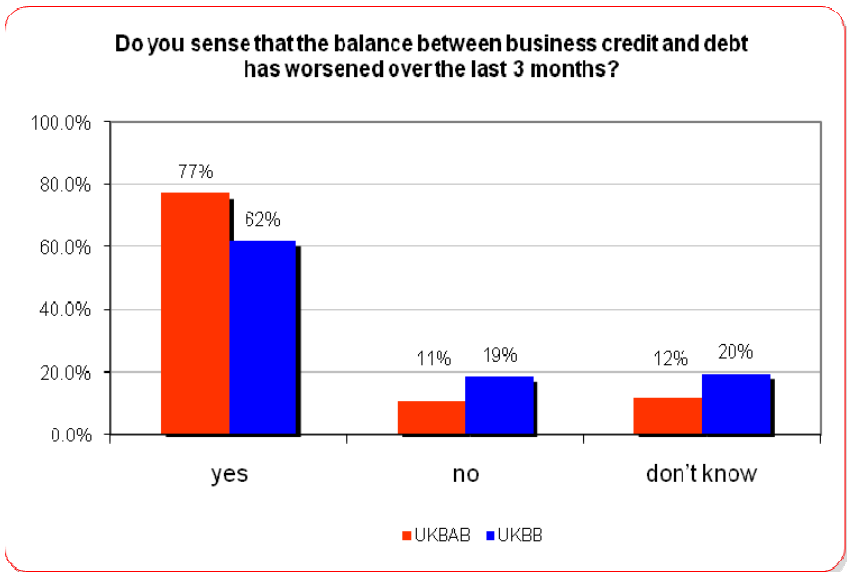


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There has been much media and business organisation coverage about the difficulties being experienced by business, particularly smaller businesses, due to reduction of available credit and increases in late payments.

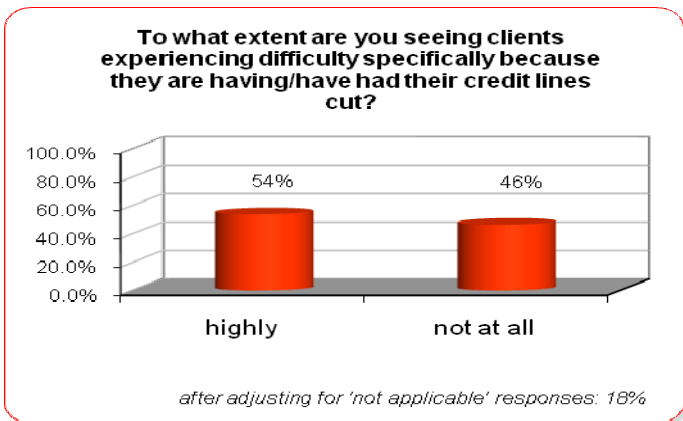
Panellists were asked to consider whether, from their experiences, they sensed that the balance between business credit and debt has worsened over the last three months. The same question was asked of business in the parallel UKBB survey of smaller businesses. Comparing the two sets of very positive responses, a larger proportion of the business adviser respondents think that the balance has worsened over the last three months (approximately September - November 2008) than amongst the smaller business respondents.

UKBAB panel report worsening of credit/debt balance.



Panellist's view:-

The priority for most of the businesses I work with is simply to survive this period and use this time to prepare for the recovery. As long as their customers stay in business and can afford to pay them so their cash flow is maintained then they feel they have a better opportunity for the future as their weaker competition dies. However, many of them are really angry that although the banks are getting significant Govt support little of that is filtering through to them. The manufacturing companies appear to be left to wither and die, further prompting the transfer of jobs and skills overseas to the developing economies. They fear that they are being significantly disadvantaged for when the recovery emerges.



The November UKBAB survey found that 54% of responding advisers are, to a high extent, seeing clients experiencing difficulty from having credit lines cut, while 46% said they were not seeing this at all (after adjusting for 'not applicable' responses). This situation will continue to be monitored in future surveys since in early December some banks have pledged to maintain overdraft limits and margins at existing levels and/or not make demands for immediate repayment of loans by withdrawing existing facilities.

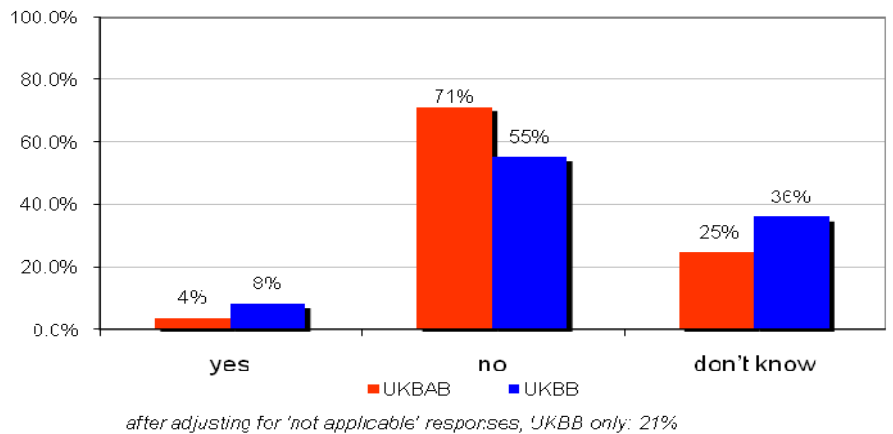
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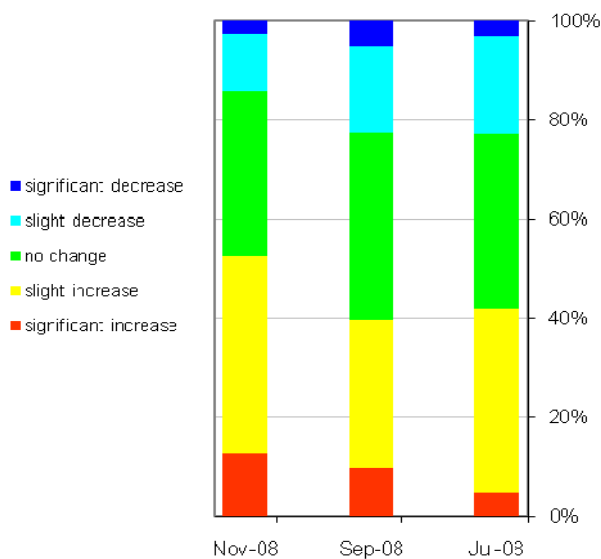
Provision of credit - Base rate cut yet to make an impact.

Between September and December 2008 the Bank of England reduced its Base Rate three times: by ½% on October 8th, by 1½% on November 6th and by 1% on December 4th. This survey went out shortly after the second reduction, which was intended to encourage high street banks to restore provision of credit to businesses and households. Panellists were asked about improvements in bank credit support following the November base rate cut. 71% of respondents said ‘No’ and only 4% said ‘Yes’.

Following the recent 1 ½ % cut in the Bank of England’s base rate, are there signs that banks are becoming more flexible and forthcoming in their provision of credit?



Has the number of clients seeking business advice increased over the past 3 months?



Numbers seeking advice - further increases seen in November.

The indicator of changes in numbers of clients seeking business advice over the past 3 months increased by 8% compared with the three months to September 2008. 33% of respondents reported no change in numbers. The number of advisers experiencing increases in enquiries continued to outpace the number experiencing decreases in enquiries, by 38% in the three months to November compared with by 17% in the three months to September.

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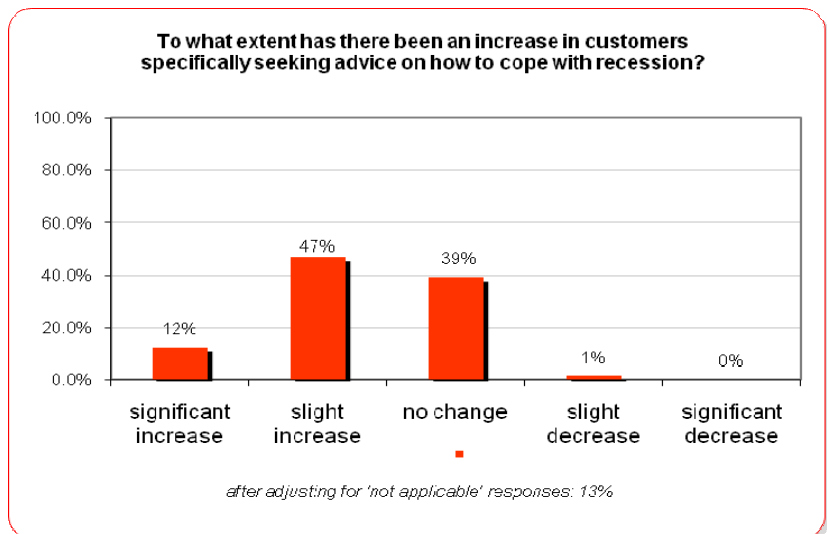
More clients asking, “How can I cope with recession?”

After adjusting for ‘not applicable’ responses, 69% of respondents say that there has been an increase in customers specifically seeking advice on how to cope with recession, while only 1% say there has been a decrease.

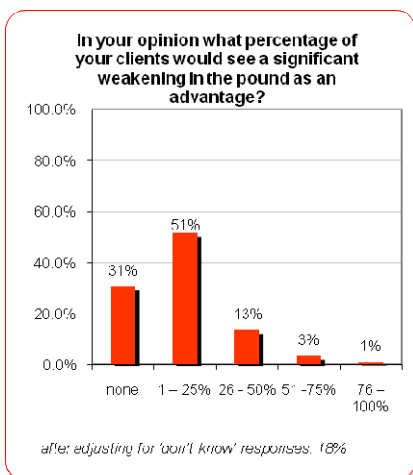
Panellist’s view:-

Over the last fifteen years business owners have just sat back and the work has come through the door. Yes there are significant slow downs for some but those who are out selling and promoting their businesses are doing well. This is a good time to get out there and find your markets. Sharpen your pencils and use the resources you have to make a difference to your business.

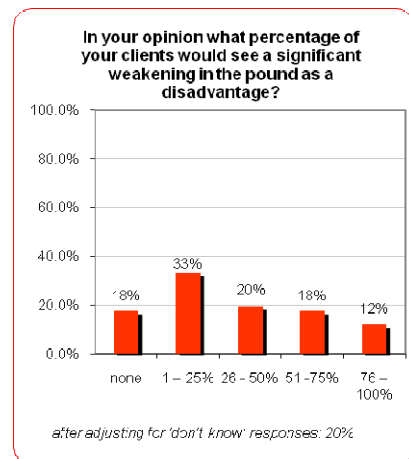
The BBC and other press and TV coverage is creating the self fulfilling prophecy of the downturn and reducing confidence in the marketplace. My message to clients is to turn the TV off and get on with the work! Sell your way out!



The UK has had a net deficit in its balance of trade with the rest of the world for the last 17 years, perpetuated and encouraged by factors such as the strong pound/dollar exchange rate, relatively high growth, particularly the rate of increase in consumer spending (which tends to suck in imports) and the long term decline in manufacturing.



Recent economic shocks have seen the reversal of several of these factors and the panel were asked if the rapid decline in the strength of the pound would advantage or disadvantage their clients. After adjusting for a ‘Don’t know’ response of 19%, only 4% of responding business advisers think that the weakening pound will be advantageous to their clients, while 30% see the falling pound as a disadvantage to over 50% of their clients.



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UK BUSINESS ADVISER BAROMETER

survey report

> JANUARY 2009 EDITION — NOVEMBER 2008 - BAB69 — THE QUESTIONS

- Q1.** At this time of imminent recession, to what extent are you seeing clients who still rate growth in turnover as a high priority?
- Q2.** In your experience, do you sense that the balance between business credit and debt has worsened over the last 3 months?
- Q3.** To what extent are you seeing clients experiencing difficulty specifically because they have had their credit lines cut?
- Q4.** Following the recent 1 ½ % cut in the Bank of England's base rate, are there signs that banks are becoming more flexible and forthcoming in their provision of credit?
- Q5.** To what extent do you feel qualified to advise your customers on how to deal with a recession?
- Q6.** To what extent do you feel the need for training in how to advise clients on dealing with a recession?
- Q7.** Has the number of clients seeking business advice increased over the past 3 months?
- Q8.** To what extent has there been an increase in customers specifically seeking advice on how to cope with recession?
- Q9.** Some pundits are arguing that now is a good time to start a business.
- Q10.** In your opinion what percentage of your clients would see a significant weakening in the pound as an advantage?
- Q11.** In your opinion what percentage of your clients would see a significant weakening in the pound as a disadvantage?
- Q12.** Recent research shows that as the UK economy shows signs of slowing and shrinking, foreign workers are heading home. Are you seeing an increase in the number of clients affected by this trend?

The total number of respondents taking part in November was 251 and as usual real-time results were published to the website.

To view the complete set of results for this and for previous surveys, follow this link: www.ukbab.ac/UI/surveys.aspx

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Greater transparency of business needs as observed by the adviser community