Julian Pitts, regional managing partner for Begbies Traynor in Yorkshire, commented: ?With distress levels falling at a record pace, this quarter?s improvement appears to be the first real sign that Yorkshire?s economy, along with the UK economy as a whole, has turned a corner towards a sustained recovery.

?However we have real fears that many SMEs will have serious financial difficulties at the time they least expect ? during a recovery. Our experience has shown time and time again that many SMEs, which are the powerhouse of the economy, run out of cash during the recovery phase, as there is a real temptation to overtrade. In Yorkshire, as in the rest of the UK, we need to provide the support that these businesses need to recover.?

The latest Begbies Traynor Red Flag Alert research for Q2 2013 has revealed that levels of ?critical? business distress in Yorkshire have fallen by 45% compared to Q2 2012, raising hopes of a sustained economic recovery. The fall in distress exceeds the rate of improvement for the UK as a whole, which saw a 39% decrease in ?critical? distress levels. Across all sectors, Yorkshire businesses experiencing ?critical? financial problems reduced from 366 in Q2 2012 to 203 in Q2 2013, suggesting a significant turnaround in the health of the regional economy. On a quarterly basis, the improvement continued with levels of ?critical? distress falling 18% from 248 in Q1 2013.

The number of Yorkshire businesses experiencing less serious ?significant? levels of financial distress remains high but is also improving, reducing 17% year on year from 13,514 cases in Q2 2012 to 11,168 in Q2 2013, and on a quarterly basis falling 6% from 11,821 in Q1 2013. Across the UK as a whole, ?significant? distress levels decreased by 18%.