

Company insolvency statistics, Q1 January to March 2019

Released

9.30am, 30th April 2019

Next released

9.30am, 30th July 2019

Media enquiries

Michael Gibbs
+44 (0)20 7637 6304

Statistical enquiries

Michael McDaid (author)
statistics@insolvency.gov.uk
Neil Currie (responsible statistician)

Contents

1. Main messages for England and Wales	2
2. Things you need to know about this release.....	3
3. Total underlying company insolvencies increased in Q1 2019	5
4. Administrations reached the highest quarterly level in 5 years	6
5. The liquidation rate remains low.....	7
6. Underlying insolvencies increased across several industries in the 12 months ending Q1 2019.....	9
7. Company insolvency in Scotland.....	10
8. Company insolvency in Northern Ireland.....	11

We are seeking feedback

This quarter, we have implemented changes to the statistics that [we proposed in October 2018](#).

We have split individual insolvencies and company insolvencies into 2 separate publications and made formatting and style change to the content.

Feedback on these new releases is welcomed at statistics@insolvency.gov.uk.

2. Things you need to know about this release

This statistics release contains the latest data on company insolvency (companies which are unable to pay debts and enter liquidation, or enter administration or other company rescue process).

Coverage

Statistics are presented separately for England and Wales; Scotland; and Northern Ireland because of differences in legislation and policy.

Methodology and key terms

Table 1: Key terms used in the publication

Liquidation	Liquidation is a legal process in which a liquidator is appointed to 'wind up' the affairs of a limited company. The purpose of liquidation is to sell the company's assets and distribute the proceeds to its creditors. At the end of the process, the company is dissolved – it ceases to exist. Statistics on compulsory liquidations and creditors' voluntary liquidations are presented here. A third type of winding up, members' voluntary liquidation is not included because it does not involve insolvency.
Compulsory liquidation	A winding-up order obtained from the court by a creditor, shareholder or director.
Creditors' voluntary liquidation (CVL)	Shareholders of a company can themselves pass a resolution that the company be wound up voluntarily.
Administration	The objective of administration is the rescue of the company as a going concern, or if this is not possible then to obtain a better result for creditors than would be likely if the company were to be wound up. A licensed insolvency practitioner, 'the administrator', is appointed to manage a company's affairs, business and property for the benefit of the creditors.
Company voluntary arrangement (CVA)	CVAs are another mechanism for business rescue. They are a voluntary means of repaying creditors some or all of what they are owed. Once approved by 75% or more of creditors, the arrangement is binding on all creditors. CVAs are supervised by licensed insolvency practitioners.
Administrative receivership	Administrative receivership is where a creditor with a floating charge (often a bank) appoints a licensed insolvency practitioner to recover the money it is owed. Before 2000, receivership appointments also include other, non-insolvency, procedures, for example under the Law of Property Act 1925.



Bulk insolvencies and underlying numbers

IR35 rules are intended to prevent the avoidance of tax and National Insurance contributions using personal service companies and partnerships. From April 2016, following changes to the IR35 rules and/or changes in VAT flat rate, some directors of personal service companies have cited these changes as the primary reason that their company's activities have become unviable, therefore leading to liquidation of large numbers of these companies (or "bulk insolvencies"). Underlying numbers exclude these bulk insolvencies to enable comparison between quarters.

Seasonal adjustment

To aid analysis between quarters the figures are seasonally adjusted to minimise the effect of the time of year and provide a true picture of the trends in insolvency. *Insolvency Statistics Seasonal Adjustment Review – April 2019* provides more information on seasonal adjustment which can be found [here](#).

Detailed information

Detailed methodology and quality information for all insolvency service statistical releases are available [here](#).

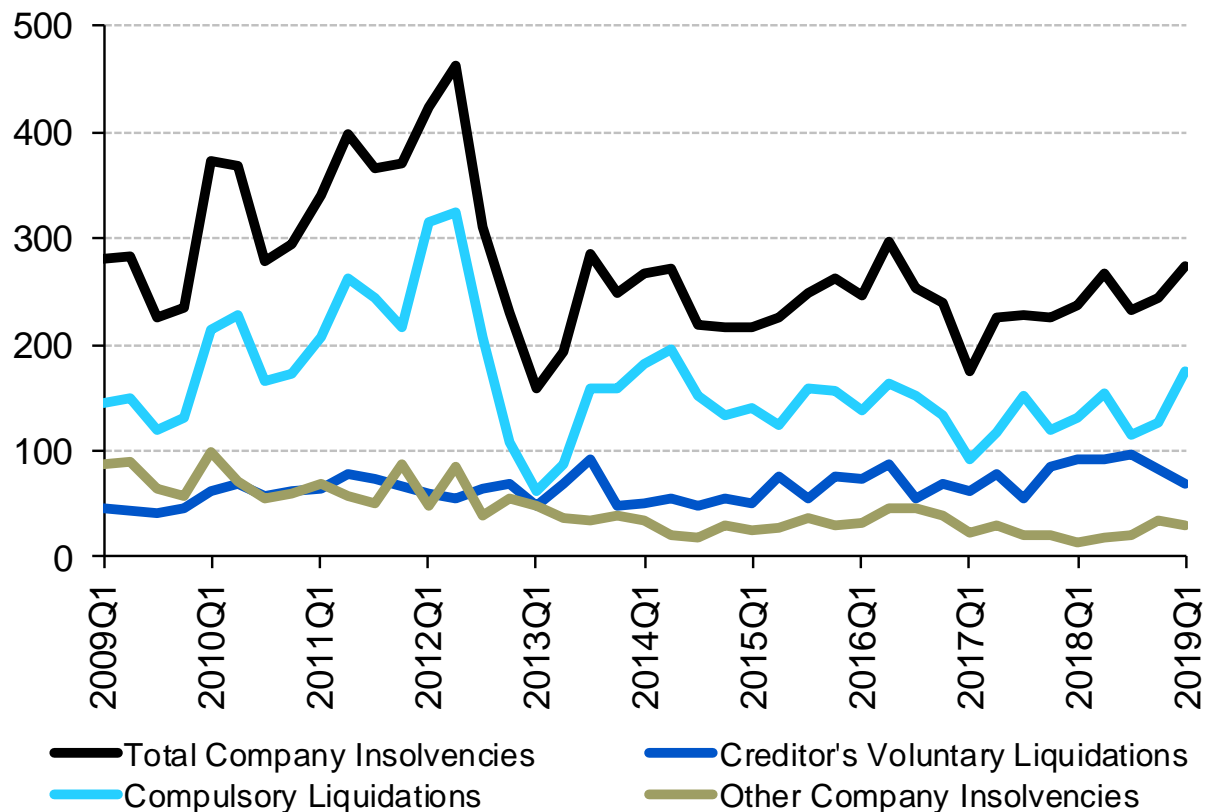
7. Company insolvency in Scotland

Legislation relating to company insolvency in Scotland is devolved. The **Accountant in Bankruptcy**, Scotland's Insolvency Service, administers company insolvency in Scotland.

- There were 275 company insolvencies in Scotland Q1 2019
- This was an increase of 16.0% compared to the same quarter of the previous year.

Figure 6: Company insolvencies increased in Scotland in Q1 2019

Scotland, non-seasonally adjusted



In Q1 2019, there were 275 total insolvencies in Scotland, a 16.0% increase on the same quarter of 2018. This comprised 176 compulsory liquidations, 69 CVLs and 30 administrations. There were no company voluntary arrangements or receivership appointments during Q1 2019.

The majority of company liquidations in Scotland are compulsory liquidations. This is in contrast to England and Wales, where the number of creditors' voluntary liquidations (CVLs) account for the majority of company liquidations. This difference may be because in England and Wales, the Insolvency Service manages the initial stage of case administration for all compulsory liquidations, for which a fee is charged.



National Statistics

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.



© Crown copyright 2019

You may re-use this document/publication (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence v3.0. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence>.

This document/publication is also available on our website at <https://www.gov.uk/government/collections/insolvency-service-official-statistics>.

Any enquiries regarding this document/publication should be sent to us at statistics@insolvency.gov.uk.