



# Company insolvency statistics, Q3 July to September 2019

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## We are seeking feedback

We endeavour to provide the most accurate and timely statistical information to meet our user's needs.

We are modernising our production processes. As part of this, for some series, this could mean revisions further back in time than is currently set out in our [revisions policy](#) and subsequently will mean changes to the policy. This will also mean improvements to the format of our data tables.

Feedback on these proposals is welcomed at [statistics@insolvency.gov.uk](mailto:statistics@insolvency.gov.uk).



## Contents

1. Main messages for England and Wales .....	3
2. Things you need to know about this release.....	4
3. Total company insolvencies increased slightly in Q3 2019 .....	6
4. The liquidation rate fell in the 12 months ending Q3 2019 .....	7
5. Administrations and creditors' voluntary liquidations reached their highest quarterly levels for several years .....	9
6. Insolvencies increased in accommodation and food services but fell in the administrative and support services industry grouping.....	11
7. Company insolvency in Scotland.....	12
8. Company insolvency in Northern Ireland.....	13



## 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**

<b>Liquidation</b>	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.
<b>Compulsory liquidation</b>	A winding-up order obtained from the court by a creditor, shareholder or director.
<b>Creditors' voluntary liquidation (CVL)</b>	Shareholders of a company can themselves pass a resolution that the company be wound up voluntarily.
<b>Administration</b>	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.
<b>Company voluntary arrangement (CVA)</b>	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.
<b>Administrative receivership</b>	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



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other, non-insolvency, procedures, for example under the Law of Property Act 1925.

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**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. **Bulk insolvencies only affect CVLs.**

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**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](#).



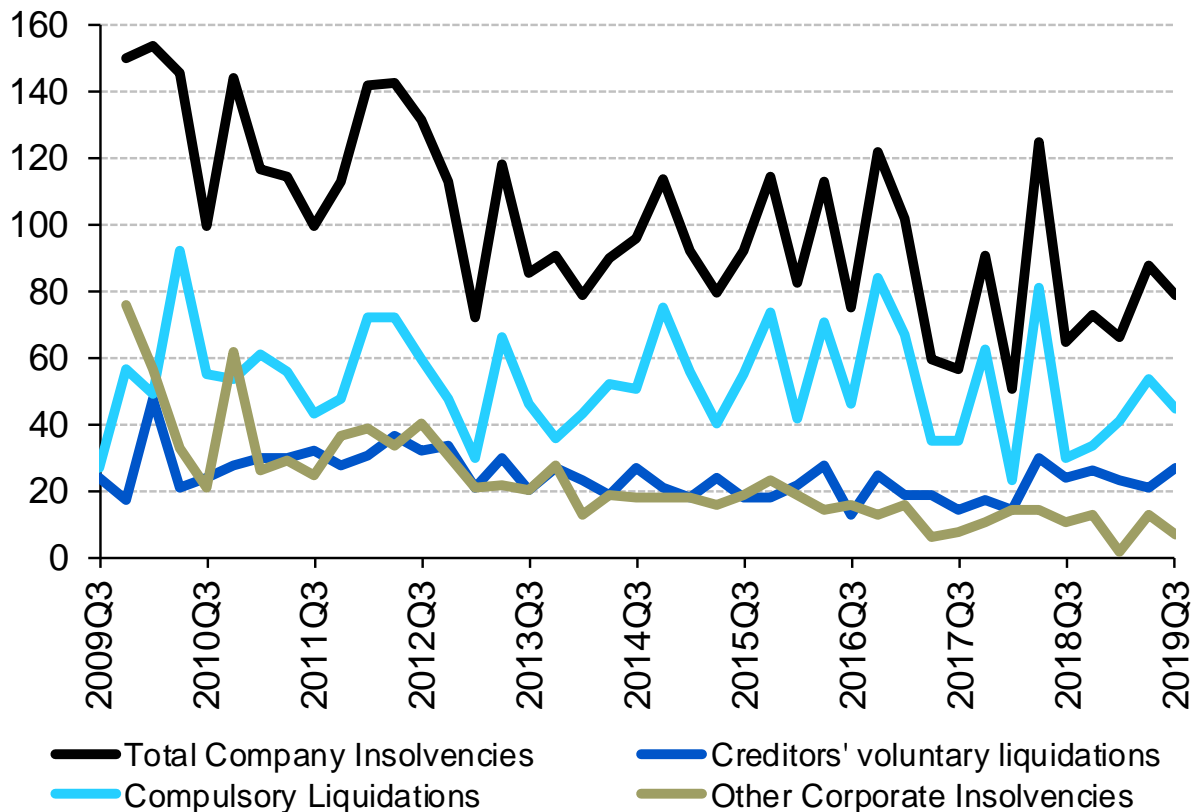
## 8. Company insolvency in Northern Ireland

Company insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales, and so figures are presented separately.

- There were 79 company insolvencies in Northern Ireland in Q3 2019
- This was a decrease of 21.5% compared with the same quarter of the previous year.

**Figure 8: Total insolvencies increased in Northern Ireland in Q3 2019**

Non-seasonally adjusted



There were 79 company insolvencies in Northern Ireland in Q3 2019, 21.5% higher than the same quarter in 2018. Of these, 45 were compulsory liquidations (up from 30 in Q3 2018), and 27 were CVLs (up from 24 in Q3 2018). There were 3 administrations and 4 CVAs but no administrative receiverships in Q3 2019.



## 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.

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