The Insolvency Service

Company insolvency statistics, Q4 October to December 2019

Released
9.30am, 30th January 2020

Next released
9.30am, 30th April 2020

Media enquiries
Michael Gibbs
+44 (0)20 7637 6304

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

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.

Contents

The Insolvency Service

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. **Bulk insolvencies only affect CVLs.**

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.

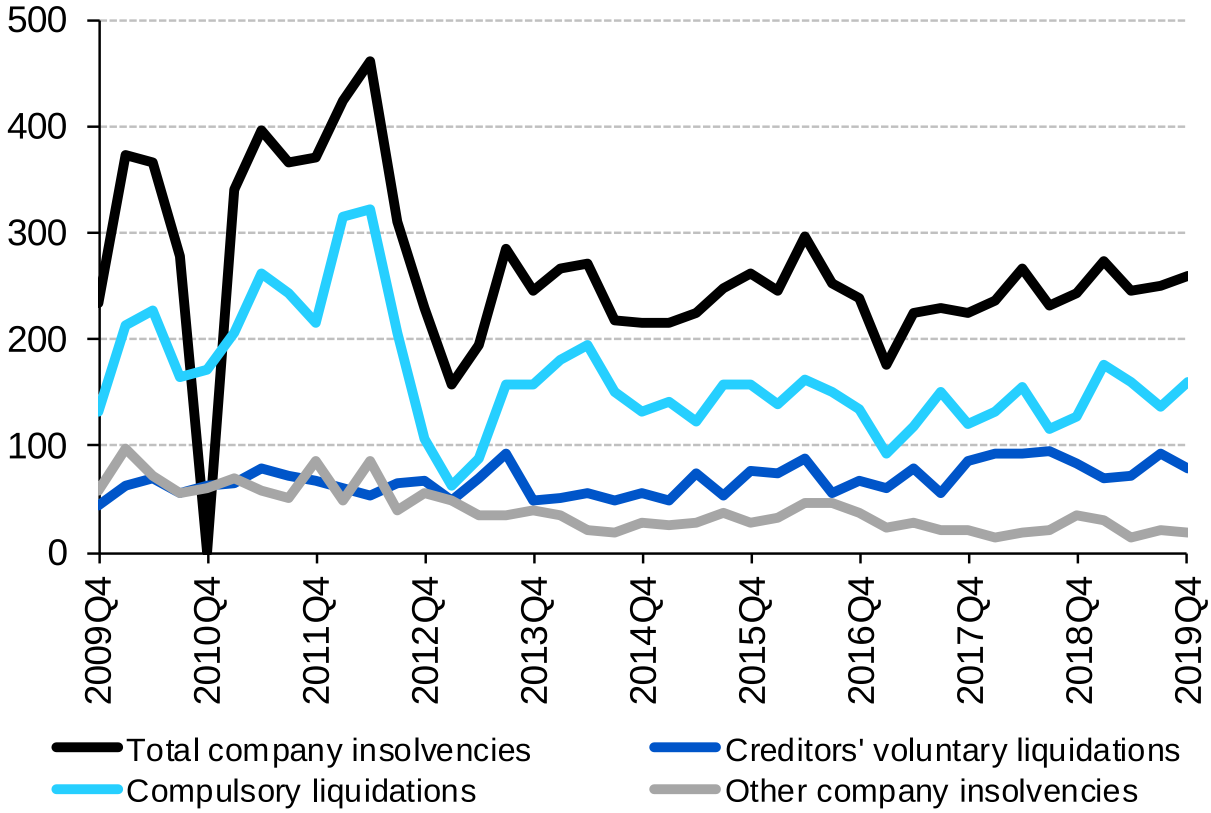
Detailed information
Detailed methodology and quality information for all insolvency service statistical releases are available here.

6. 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 259 company insolvencies in Scotland Q4 2019
- This was an increase of 5.7% compared to the same quarter of the previous year.

Figure 7: Company insolvencies increased in Scotland in Q4 2019
Non-seasonally adjusted



In Q4 2019, there were 259 total insolvencies in Scotland, a 5.7% increase on the same quarter of 2018. This comprised 160 compulsory liquidations, 80 CVLs and 19 administrations. There were no company voluntary arrangements or receiverships.

The majority of company liquidations in Scotland are compulsory liquidations. This contrasts with 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.

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.