

STRICTLY EMBARGOED UNTIL 9.30 AM, 2 May 2008

STATISTICS RELEASE: INSOLVENCIES IN THE FIRST QUARTER 2008

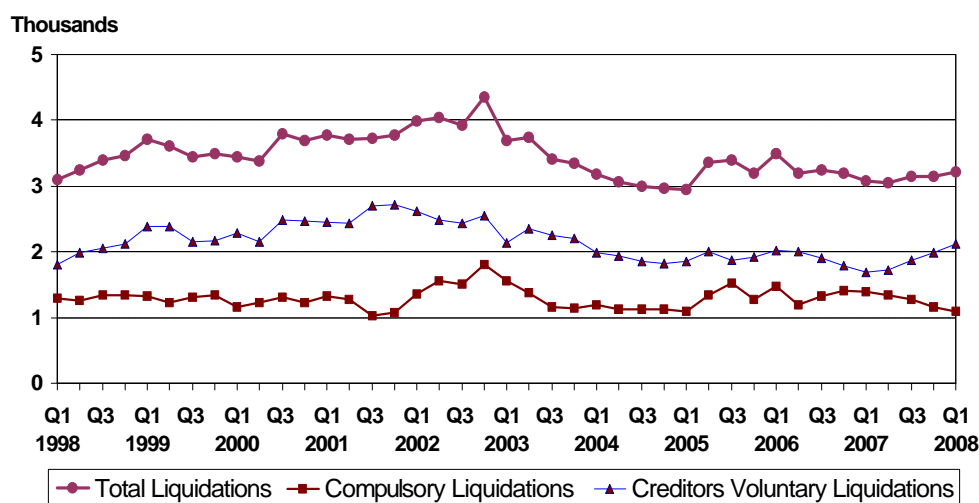
Statistics showing insolvencies in the first quarter 2008 are published today (2 May) by the Insolvency Service.

COMPANY LIQUIDATIONS

There were 3,210 liquidations in England and Wales in the first quarter of 2008 on a seasonally adjusted basis. This was an increase of 2.0% on the previous quarter and an increase of 4.0% on the same period a year ago.

This was made up of 1,085 compulsory liquidations, a decrease of 6.6% on the previous quarter and a decrease of 22.0% on the corresponding quarter of the previous year, and 2,125 creditors voluntary liquidations, an increase of 7.1% on the previous quarter and an increase of 25.4% on the corresponding quarter of the previous year.

Number of Company Liquidations in England and Wales
(Seasonally Adjusted)



Source: Insolvency Service

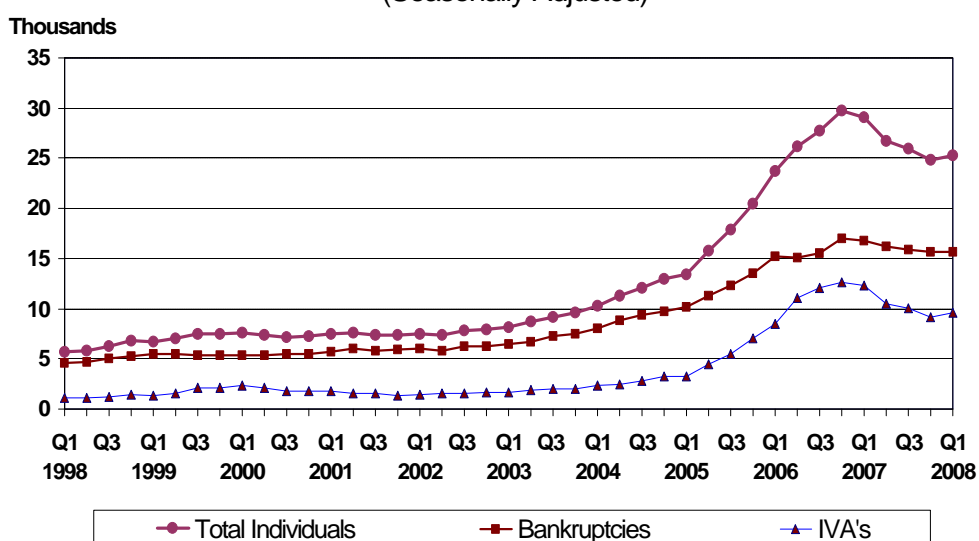
In the twelve months ending Q1 2008, 0.6% of active companies went into liquidation, the same as the previous quarter and the corresponding quarter of 2006.

INDIVIDUAL INSOLVENCIES

There were 25,264 individual insolvencies in England and Wales in the first quarter of 2008 on a seasonally adjusted basis. This was an increase of 1.7% on the previous quarter and a decrease of 13.2% on the same period a year ago.

This was made up of 15,651 bankruptcies, an increase of 0.1% on the previous quarter and a decrease of 6.8% on the corresponding quarter of the previous year, and 9,614 Individual Voluntary Arrangements (IVAs), an increase of 4.3% on the previous quarter and a decrease of 22.0% on the corresponding quarter of the previous year.

Number of Individual Insolvencies in England and Wales
(Seasonally Adjusted)



Source: Insolvency Service

For bankruptcy orders there has been a pronounced shift towards debtor's petition bankruptcies and away from creditor's petitions in recent years. By the first quarter of 2008, 84% were made on the petition of the debtor.

The percentage of bankruptcy orders involving trading debts (self-employed bankruptcies) has fallen from 61% in 1995 to 11% in 2007 (first quarter 2008 figures for trading-related bankruptcies are not yet available). It should be noted, however, that figures for 2007 are based on a revised classification and are not entirely consistent with earlier years figures.

Number of Insolvencies in England and Wales (seasonally adjusted) ¹

	2007 Q1r	2007 Q2r	2007 Q3r	2007 Q4r	2008 Q1p	Percentage change	
						Q4 2007	Q1 2007
Company Liquidations	3,087	3,051	3,142	3,146	3,210	2.0	4.0
of which:							
Compulsory	1,392	1,334	1,277	1,162	1,085	-6.6	-22.0
Creditors	1,695	1,717	1,865	1,984	2,125	7.1	25.4
Voluntary							
Individuals	29,116	26,774	25,900	24,854	25,264	1.7	-13.2
of which:							
Bankruptcies	16,788	16,214	15,842	15,636	15,651	0.1	-6.8
IVAs	12,328	10,561	10,058	9,218	9,614	4.3	-22.0

p = provisional, r = revised

¹ Longer series back to 1998 are presented in the accompanying detailed tables

INSOLVENCIES IN SCOTLAND AND NORTHERN IRELAND

The following tables present recent trends in insolvencies in Scotland and Northern Ireland, complementing those for England and Wales above (longer series back to 1998 are presented in the accompanying detailed tables).

Number of Insolvencies in Scotland (not seasonally adjusted)

	2007	2007	2007	2007	2008	<i>Percentage change</i>	
	Q1	Q2	Q3	Q4	Q1p	<i>Q1 2008 on:</i>	
						<i>Q4 2007</i>	<i>Q1 2007</i>
Company Liquidations	166	165	125	83	102	22.9	-38.6
of which: Compulsory	132	131	105	71	95	33.8	-28.0
Creditors	34	34	20	12	7	-41.7	-79.4
Voluntary							
Individuals	3,471	3,498	3,527	3,318	3,275	-1.3	-5.6
of which: Sequestrations	1,505	1,606	1,545	1,563	1,395	-10.7	-7.3
Protected Trust Deeds	1,966	1,892	1,982	1,755	1,880	7.1	-4.4

p = provisional

Number of Insolvencies in Northern Ireland (not seasonally adjusted)

	2007	2007	2007	2007	2008	<i>Percentage change</i>	
	Q1	Q2	Q3	Q4	Q1p	<i>Q1 2008 on:</i>	
						<i>Q4 2007</i>	<i>Q1 2007</i>
Company Liquidations	36	38	42	48	42	-12.5	16.7
of which: Compulsory	29	29	28	36	37	2.8	27.6
Creditors	7	9	14	12	5	-58.3	-28.6
Voluntary							
Individuals	343	338	338r	319	330	3.4	-3.8
of which: Bankruptcies	218	228	227r	225	226	0.4	3.7
IVAs	125	110	111	94	104	10.6	-16.8

p = provisional, r = revised

Notes to Editors

1. The official Insolvency Statistics are the most comprehensive record of the number of corporate and individual insolvencies in England and Wales. Insolvencies in Scotland and Northern Ireland are also included, but are shown separately as they are covered by separate legislation, there are some differences in definition, and policy responsibility for them lies within the devolved administrations.
2. The statistics for England and Wales are derived from administrative records of the department for Business Enterprise and Regulatory Reform (BERR), Insolvency Service and Companies House Executive Agencies. For Scotland, the company insolvency statistics are derived from administrative records at Companies House, Scotland. Figures for individual insolvencies in Scotland are provided by the Office of the Accountant in Bankruptcy (AIB). The Northern Ireland statistics are derived from administrative records of the DETI Insolvency Service and Companies Registry.
3. Numbers of insolvencies are not directly comparable with official estimates of business stock, formations or closures. Statistics of business start-ups and closures that are directly comparable with each other have been assembled from VAT records and are published by BERR. The latest figures are those for 2006, and were issued in a BERR press notice on 22 August 2007. More detailed figures are available via the on-line database NOMIS. Additionally, analysis into the number of firms in the United Kingdom estimated the total number of businesses at the start of 2006 at 4.5 million.
4. The X12ARIMA program (developed by Statistics Canada) is used for the seasonal adjustment of the insolvency statistics for England and Wales, this being the recommended program within UK National Statistics. Seasonal adjustment is a process by which changes that are due to seasonal or other calendar influences are removed to produce a clearer picture of the underlying behaviour of the data series. The data series covering Scotland and Northern Ireland do not demonstrate consistent seasonality and only the raw (unadjusted) series are presented. Previous insolvency releases used X11 ARIMA for seasonal adjustment; the entire series for each seasonally adjusted dataset has been revised accordingly.
5. Insolvent companies in England & Wales and Scotland are dealt with under the Insolvency Act of 1986 and, in Northern Ireland, by the Insolvency (Northern Ireland) Order 1989. They can **either** be the subject of a **compulsory liquidation** (winding-up) order obtained from the court by a creditor, shareholder or director **or** themselves pass a resolution, subject to the approval of a creditors' meeting that the company be wound up voluntarily (**creditors voluntary liquidations**, registered at Companies House/Companies Registry). In either case they are said to have been **wound-up**, and numbers are given in Tables 1, 6 and 8. A third type of winding-up, members' voluntary liquidation, is not included because it does not involve insolvency.
6. The Insolvency Act 1986 and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 also introduced the procedures of **company administration orders** and **company voluntary arrangements (CVAs)**. The administration procedure gives a period of time during which creditors are restrained from taking action and a court appointed administrator puts forward proposals to deal with the company's financial difficulties. The CVA procedure aids business by enabling a company in financial difficulty to come to a binding agreement with its creditors. These are listed separately under Table 3 for England and Wales and Table 7 for Scotland.
7. The Enterprise Act 2002 introduced revisions to the corporate administration procedures, replacing Part II of the Insolvency Act 1986 with Schedule B1. These include the introduction of additional entry routes into administration that do not require the making of an administration

order and a streamlined process for **Administrations** whereby a company can in some circumstances be dissolved without recourse to liquidation. The primary objective of administration (and of CVAs) is the rescue of the company as a going concern; where liquidation does result these cases will be recorded under the insolvency figures at Tables 1 and 6. These provisions came into force on 15th September 2003 and **Administrations under the Enterprise Act** have been included on Tables 3 and 7 from Q3 2003 (dissolution follows 3 months after a notice is filed with the Registrar of Companies, if no objections are raised by the court). On 27th March 2006 the Insolvency (Northern Ireland) Order 2005 introduced similar revisions to the corporate administration procedures in Northern Ireland, replacing Part III of the Insolvency (Northern Ireland) Order 1989 with Schedule B1.

8. **Receivership appointments** comprise **administrative receivers** appointed under the 1986 Act (and the 1989 Order for Northern Ireland) and certain other receivership appointments, for example under the Law of Property Act 1925. Due to the use of the same statutory documentation for different types of receivership, it is not possible to give a breakdown between them. The provisions of the Enterprise Act 2002 [section 250] (Insolvency [Northern Ireland] Order 2005 [Article 5]) have made some changes to the procedures for administrative receivership.

9. Individual insolvencies in England and Wales and in Northern Ireland are made up of **bankruptcy orders** and **individual voluntary arrangements (IVAs)**. Insolvent individuals in England and Wales are dealt with mainly under the Insolvency Act 1986. A bankruptcy order is made on the petition of the debtor or one or more of his creditors when the court is satisfied that there is no prospect of the debt being paid. (Figures for bankruptcy orders include orders relating to the estates of deceased debtors). There are also individual voluntary arrangements (IVAs) and deeds of arrangement (the latter under the Deeds of Arrangement Act 1914), which enable debtors to come to an agreement with their creditors. Table 2 summarises the above procedures (IVAs and Deeds of Arrangement are included under a single column) and Table 2b provides bankruptcy orders further split by petition type. Changes to bankruptcy law in England and Wales introduced by the Enterprise Act 2002 came into force on 1 April 2004 – the Act made no changes to the existing individual voluntary arrangement regime.

10. Table 2c records numbers of Income Payments Orders (IPOs) and Income Payments Agreements (IPAs) where the bankrupt makes regular payments from surplus income towards his/her debts for a period of time, either by court order or by agreement. The figures record numbers of IPOs/IPAs made in each period, they do not, in general, relate to the date of the original bankruptcy order. Table 2c records a number of IPAs before Q2 2004 because the IPA provisions of the Enterprise Act 2002 (commenced on 1 April 2004) were applicable, upon commencement, to pre-commencement bankruptcies.

11. Insolvent individuals in Scotland (Table 6) are subject to **sequestration** (bankruptcy) or **protected trust deeds** under the Bankruptcy (Scotland) Act 1985 (as amended). This Act was amended by the Bankruptcy (Scotland) Act 1993. On April 1, 2008 the Bankruptcy and Diligence etc. (Scotland) Act 2007 came into force making significant changes to some aspects of bankruptcy, debt relief and debt enforcement in Scotland. Protected trust deeds are voluntary arrangements in Scotland, but although they fulfil much the same role as individual voluntary arrangements, there are important differences in the way they are set up and administered. Details of both sequestrations and protected trust deeds are found on the register of insolvencies, which is maintained by the Accountant in Bankruptcy. Further information about insolvency in Scotland can be found on the Accountant's website at www.aib.gov.uk.

12. Insolvent individuals in Northern Ireland are dealt with under the Insolvency (Northern Ireland) Order 1989 and are recorded under Table 8. On 27 March 2006 the Insolvency (Northern Ireland) Order 2005 came into operation and implemented similar changes to

bankruptcy procedures as the Enterprise Act 2002 introduced in England and Wales. Further information about insolvency in Northern Ireland can be found on their website at www.insolvencyservice.detini.gov.uk.

13. Under the Insolvency Act 1986 and the Insolvent Partnerships Order and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 and the Insolvent Partnerships Order (Northern Ireland) 1995, insolvent partnerships may be wound up as an unregistered company or administered following bankruptcy orders against the partners. Insolvent Partnerships can also enter administration or a voluntary arrangement.

14. Company liquidations and bankruptcy orders (relating to the self-employed) in England and Wales broken down by industry are not currently available for publication following ongoing development work to update the classification of new cases to the Standard Industrial Classification (SIC) 2003. This will bring them into line with other official statistics. Industry breakdowns for England and Wales are published one quarter in arrears of the headline series and figures according to the previously used Insolvency Trade Classification (ITC) are available up to Q3 2006. However, the broad split of bankruptcy orders into self-employed and other individuals is available under Table 2b.

15. Company liquidations in Scotland are available from Q1 2007 based on the SIC2003 industry breakdown and these can be found in Table 6b. Earlier data are available separately classified according to the Insolvency Trade Classification (ITC).

16. Information concerning insolvency legislation, policy evaluation and in England and Wales may be obtained from the Insolvency Service website at www.insolvency.gov.uk.

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