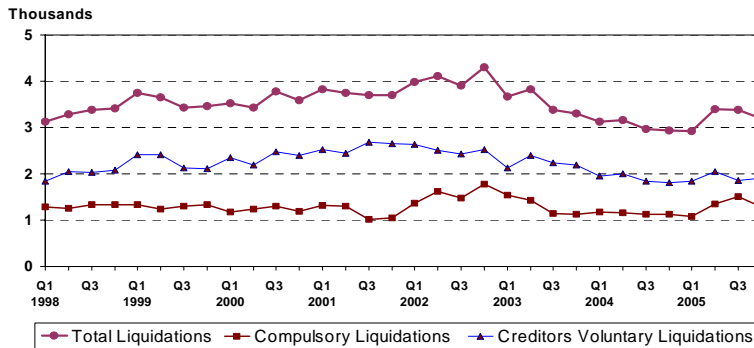


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STATISTICS RELEASE: INSOLVENCIES IN THE FOURTH QUARTER 2005

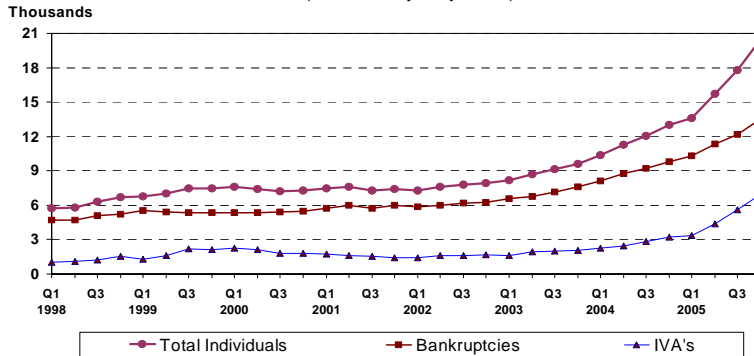
Statistics showing insolvencies in the fourth quarter 2005 are published today (3 February) by the Insolvency Service.

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



Source: DTI

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



Source: DTI

COMPANY LIQUIDATIONS

There were 3,187 liquidations in England and Wales in the fourth quarter of 2005 on a seasonally adjusted basis. This was a decrease of 5.5% on the previous quarter and an increase of 8.5% on the same period a year ago.

This was made up of 1,285 compulsory liquidations, a decrease of 15.2% on the previous quarter and an increase of 13.6% on the corresponding quarter of the previous year, and 1,903 creditors voluntary liquidations, an increase of 2.3% on the previous quarter and an increase of 5.3% on the corresponding quarter of the previous year.

0.7% of active companies went into liquidation in the twelve months ended Q4 2005, the same as the previous quarter and the same as the corresponding quarter of 2004.

INDIVIDUAL INSOLVENCIES

There were 20,461 individual insolvencies in England and Wales in the fourth quarter of 2005 on a seasonally adjusted basis. This was an increase of 15.0% on the previous quarter and an increase of 57.1% on the same period a year ago.

This was made up of 13,501 bankruptcies, an increase of 10.9% on the previous quarter and an increase of 37.6% on the corresponding quarter of the previous year, and 6,960 Individual Voluntary Arrangements (IVA's), an increase of 23.9% on the previous quarter and an increase of 117.1% on the corresponding quarter of the previous year.

Number of Insolvencies in England and Wales (seasonally adjusted)

						<i>Percentage change</i>	
						<i>Q4 2005 on:</i>	
						<i>Q3 2005</i>	<i>Q4 2004</i>
	2004	2005	2005	2005	2005		
	Q4	Q1r	Q2r	Q3r	Q4p		
Company Liquidations	2,938	2,927	3,405	3,374	3,187	-5.5	8.5
of which: Compulsory	1,131	1,078	1,356	1,514	1,285	-15.2	13.6
Creditors	1,807	1,849	2,048	1,860	1,903	2.3	5.3
Voluntary							
Individuals	13,020	13,606	15,718	17,795	20,461	15.0	57.1
of which: Bankruptcies	9,814	10,288	11,321	12,177	13,501	10.9	37.6
IVA's	3,206	3,318	4,396	5,618	6,960	23.9	117.1

p = provisional, r = revised

Notes to Editors

1. The Official Insolvency Statistics are the most comprehensive record of the number of insolvencies and bankruptcies and provide a more accurate picture for analysing business conditions. The figures include businesses and individuals, with a breakdown by type of insolvency procedure. The figures treat Scotland separately (as insolvencies are defined differently in Scotland) and give an industrial analysis (for which the figures for England & Wales are published one quarter in arrears).

2. The statistics are derived from administrative records of the DTI Insolvency Service and Companies House Executive Agencies. The figures for company liquidations are made up of compulsory liquidations (winding-up orders made by the courts) and creditors' voluntary liquidations registered at Companies House. Figures for individual insolvencies comprise bankruptcy orders and individual voluntary arrangements under the Insolvency Act 1986 and deeds of arrangement under the Deeds of Arrangement Act 1914. Individual voluntary arrangements and deeds of arrangement are now included under one column.

3. Numbers of insolvencies are not directly comparable with numbers of new business formations. Statistics of business start-ups and closures that are directly comparable with each other have been assembled from VAT records and are published by the Department of Trade and Industry. The latest figures are those for 2004, and were issued in a DTI press notice on 12 October 2005. 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 2004 at 4.3 million.

4. The X11ARIMA program (developed by Statistics Canada) is used for the seasonal adjustment of the insolvency statistics, this being the recommended program within UK National Statistics.

5. A company or individual with debts that they are unable to pay as they fall due is said to be **insolvent**.

6. Insolvent companies are dealt with under the Insolvency Act of 1986. They can **either** be the subject of a **compulsory liquidation** (winding-up) order obtained from the Court by a creditor, member 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**). In either case they are said to have been **wound-up**, and numbers are given in Tables 1 and 6. A third type of winding-up, members' voluntary liquidation, is not included because it does not involve insolvency.

7. The Insolvency Act 1986 also introduced the procedures of **company administration orders** and **company voluntary arrangements**. 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 Company Voluntary Arrangement procedure aids business by enabling a company in financial difficulty to come to a binding agreement with its creditors. These are listed separately in Table 3.

8. 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 Company Voluntary Arrangements) is the rescue of the company as a going concern; where liquidation does result these cases will be recorded under the insolvency figures at Table 1. These provisions came into force on 15th September 2003 and **Administrations under the Enterprise Act** have been included on Table 3 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).

9. **Receivership appointments** comprise **administrative receivers** appointed under the 1986 Act 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) have made some changes to the procedures for administrative receivership from 15 September 2003.

10. For individuals the term **bankrupt** is used to indicate insolvency.

11. 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 of his creditors when the Court is satisfied that there is no prospect of the debt being paid. (Figures for bankruptcy orders include **administration orders**, which are bankruptcy orders relating to the estate of a deceased debtor). On 1 April 2004 there was an increase in the amount of the petition deposit required before a bankruptcy order can be made. There was a significant rise in the number of bankruptcy orders made in the last two weeks before the increase in petition deposits became effective. There are also **individual voluntary arrangements** and **deeds of arrangement**, which enable debtors to come to an agreement with their creditors. Table 2 summarises all of the above types of individual insolvencies.

12. Insolvent individuals in Scotland are subject to **sequestration** under the Bankruptcy (Scotland) Act 1985. (There are no deeds of arrangement or individual voluntary arrangements in Scotland). The Bankruptcy (Scotland) Act 1993 amending the 1985 Act came into force on 1 April 1993 and will have affected the number of sequestrations in the Scottish Courts.

13. Under the Insolvency Act 1986 and the Insolvent Partnerships Order, insolvent partnerships may be wound up like an unregistered company or administered following bankruptcy orders against the partners. Insolvent Partnerships can also enter administration or a voluntary arrangement.

14. Details of insolvency research and evaluation can be found on the Insolvency Service website at www.insolvency.gov.uk/insolvencyprofessionandlegislation/insolvencylaw.htm

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