

## UK COMPANY INSOLVENCIES RISE IN FIRST QUARTER

Our June newsletter reports on the statistics surrounding insolvencies in recent months.

- The number of companies falling into financial distress in England and Wales rose in the first quarter of 2019, adding to signs that businesses struggled in the run-up to the original March Brexit deadline, official data shows.
- There were **4,187 company insolvencies** during the period, **up from 3,938 in the fourth quarter of 2018**, the Insolvency Service recently reported, citing seasonally adjusted data (i.e. excluding “bulk” closures of companies set up by individuals for their personal affairs).
- A large number of these were Creditors’ Voluntary Liquidations, when shareholders of an insolvent firm decide to close their company.
- The number of companies entering **Administration**, rose to a **five-year high** in the first quarter of 2019, the Insolvency Service report stated.

Britain had been due to leave the European Union on 29 March without a transition deal, dampening business investment and activity. The Brexit deadline date has since been pushed back twice, and it is now set for 31 October.

Stuart Frith president of R3, The Association of Business Recovery Professionals, said “Brexit had a particularly acute impact on companies in early 2019 with No-deal (Brexit) preparations putting pressure on businesses to stockpile goods and materials, in turn putting pressure on their cashflow.”

In contrast to businesses, consumer spending has supported Britain’s sluggish economy through the Brexit crisis with a recent survey showing consumer confidence was steady in April, although households’ confidence in their finances declined.

The Insolvency Service recently reported that the rate of **personal insolvencies rose to 25.8 per 10,000 people** in England and Wales during the year to March 2019, the highest level since the second quarter of 2012.

**Please note that should your clients require any confidential advice regarding insolvency matters they are welcome to contact one of our partners. Initial advice is provided free of charge and without obligation. Also, if you or any of your colleagues require any clarification regarding insolvency law or procedures please do not hesitate to contact us.**

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