

Corporate insolvency trends reflect the continuing fragile economy

LONDON, UK: PwC analysis of today's national corporate insolvency statistics found that 5393 companies entered insolvency in the third quarter of 2011 - this is an increase of 7.4% on the same quarter of 2010 but a decrease of 2.1% compared to the previous quarter of 2011.



The cumulative total insolvencies over the first three quarters of 2011 were 3.4% higher than the corresponding first three quarters of 2010.

Mike Jervis, partner, business recovery services, PwC, commented: "These numbers show an upward trend in the total number of insolvencies. The cumulative impact of fragile economic conditions is starting to affect companies particularly at the SME level - for example, 85% of the insolvencies in the third quarter of 2011 related to companies with less than £1 million* turnover compared to 81% in the corresponding quarter of 2010.

"There is evidence that companies are increasingly using company voluntary arrangements - which show a 30% increase in quarter three 2011 compared to quarter three 2010 - in the retail and construction sectors. This indicates wider creditor engagement in insolvency processes.

"However, the outlook is extremely uncertain and the tried and trusted rules apply - manage cash robustly and keep your stakeholders informed."

**Exchange rate at time of posting: £1=R12.62.*