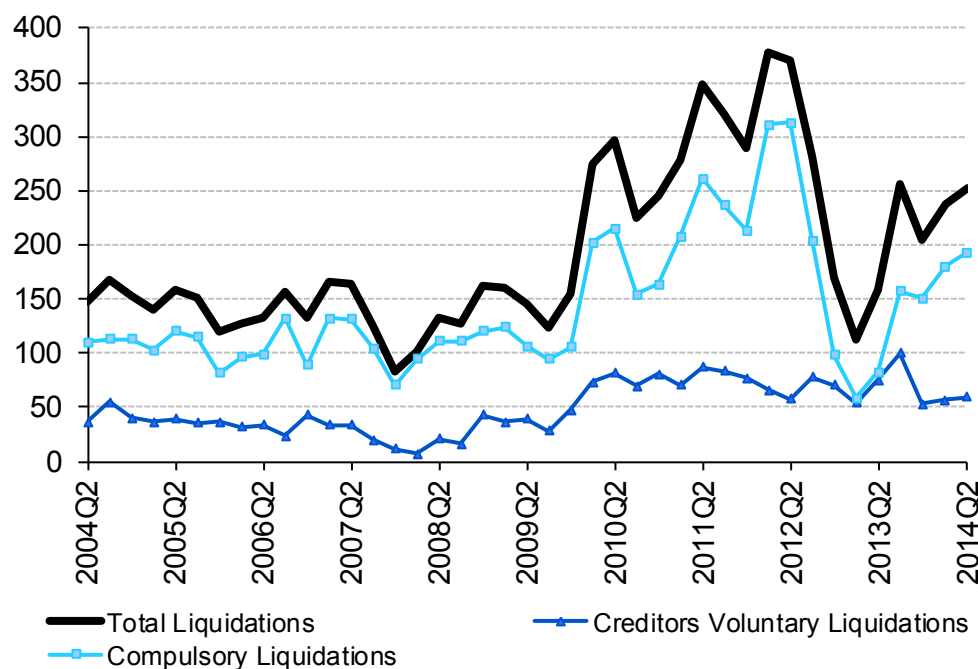


4 Insolvency in Scotland

4.1 Company insolvency

Company insolvency in Scotland is governed by broadly the same legislation as for England and Wales; however, the development of policy on and the recording of information about liquidations and receiverships is devolved to the Scottish Government, so figures are presented separately.

Figure 13: Company liquidations in Scotland
(quarterly data, not seasonally adjusted)



Source: Companies House.

Creditors' Voluntary includes those companies which had previously been in administration or other insolvency procedure.

See Tables 4 and 5 of the accompanying Excel file for more detail.

Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

The Excel file which accompanies this release additionally contains statistics on the number of administrations, receiverships and CVAs in Scotland.

In the second quarter of 2014, there were 253 company liquidations in Scotland – a 60.1% increase on the same quarter of 2013. Liquidations were fairly stable until 2009, followed by a generally increasing trend until a period of rapid decrease between Q2 2012 and Q1 2013. The number of company liquidations has been increasing since then, however the quarterly total continues to be lower than the peak of cases in Q2 2011.

The total number of company liquidations is driven by the number of compulsory cases. This is in contrast to 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.

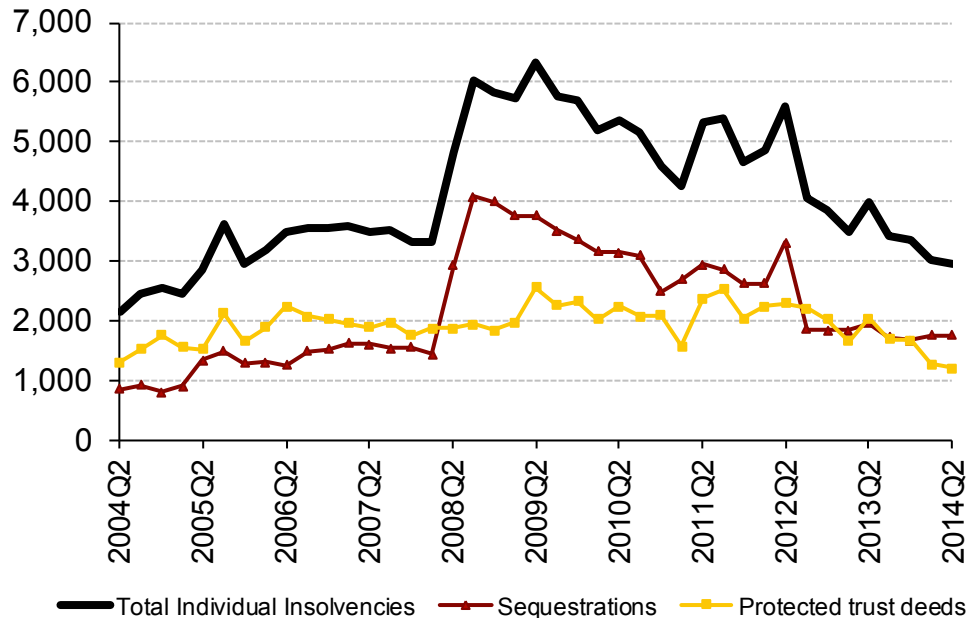
There were 193 compulsory liquidations in the second quarter of 2014, compared to 60 CVLs. The number of CVLs has remained largely stable, with between 50 and 100 cases in each quarter since 2010.

There were 20 other company insolvency procedures in the second quarter of 2014, 18 of which were administrations. This is the lowest number of administrations since Q3 2009.

4.2 Individual insolvency

Legislation relating to individual insolvency in Scotland is devolved. The [Accountant in Bankruptcy](#), Scotland's Insolvency Service, administers individual insolvency in Scotland.

Figure 14: Individual insolvencies in Scotland
(quarterly data, not seasonally adjusted)



Explanation of key terms

Sequestration fulfils much the same role as bankruptcy in England and Wales.

In April 2008, the law was changed to offer a new route into sequestration for individuals with **low income and low assets (LILA)**, which resulted in a large increase in the number of sequestrations in Scotland.

Protected trust deeds are voluntary arrangements in Scotland and fulfil much the same role as IVAs in England and Wales. However there are differences in the way they are set up and administered, meaning the figures shown here are not consistent with those provided for England and Wales or Northern Ireland.

Source: Accountant in Bankruptcy (AiB), [AiB Quarterly Statistics – Q1 2014/15](#)

The sequestration figures include LILA (Low Income, Low Assets) cases. These were introduced as a new route into bankruptcy under the Bankruptcy and Diligence etc (Scotland) Act 2007, with effect from 1 April 2008.

See Table 4 of the accompanying Excel file for more detail.

In Q2 2014, there were 2,968 individual insolvencies in Scotland (the lowest level since Q4 2005) – 25.8% lower than the total in April to June last year and continuing the generally downwards trend seen since the beginning of 2012.

The level of sequestrations has remained fairly level, fluctuating between 1,670 and 2,000 since Q3 2012.

A new route into sequestration was introduced in Q2 2008. The Low Income Low Asset (LILA) route was aimed at widening access to debt relief, and resulted in a large increase in the number of sequestrations. Since then, sequestrations have shown a generally downwards trend since the beginning of 2008 and recent totals are now approaching those levels seen before the introduction of LILA.

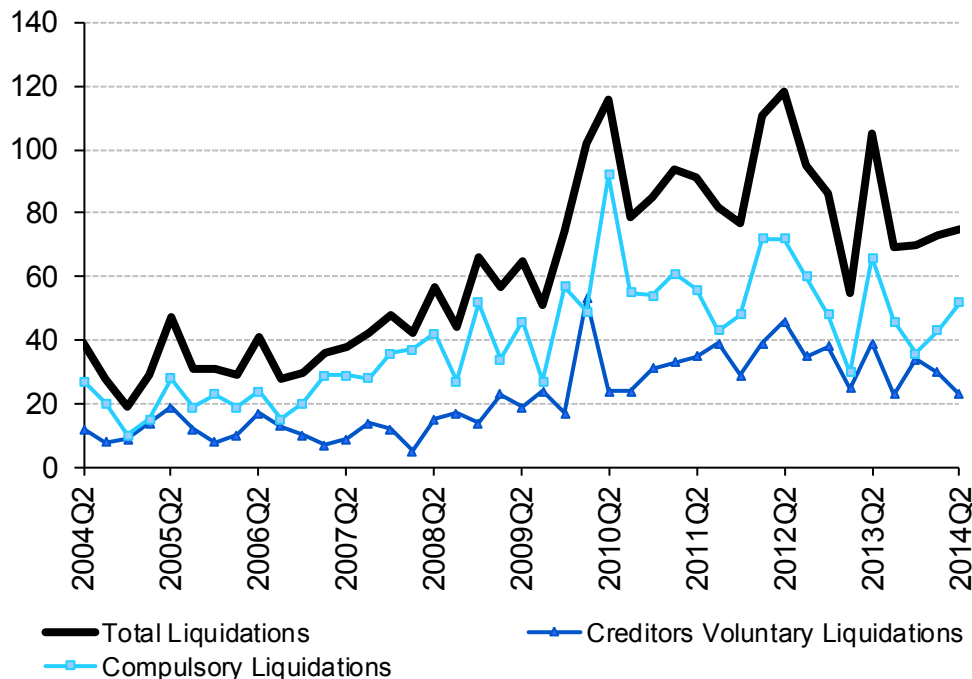
By comparison, the number of protected trust deeds has been fairly stable since 2008, though with a downwards trend in recent quarters. The number of protected trust deeds in Q2 2014 reached a new minimum.

5 Insolvency in Northern Ireland

5.1 Company insolvency

Company insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales, and so figures are presented separately.

Figure 15: Company liquidations in Northern Ireland
(quarterly data, not seasonally adjusted)



Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

Sources: Department for Enterprise, Trade and Investment, Northern Ireland; Companies House.

See Table 6 of the accompanying Excel file for more detail.

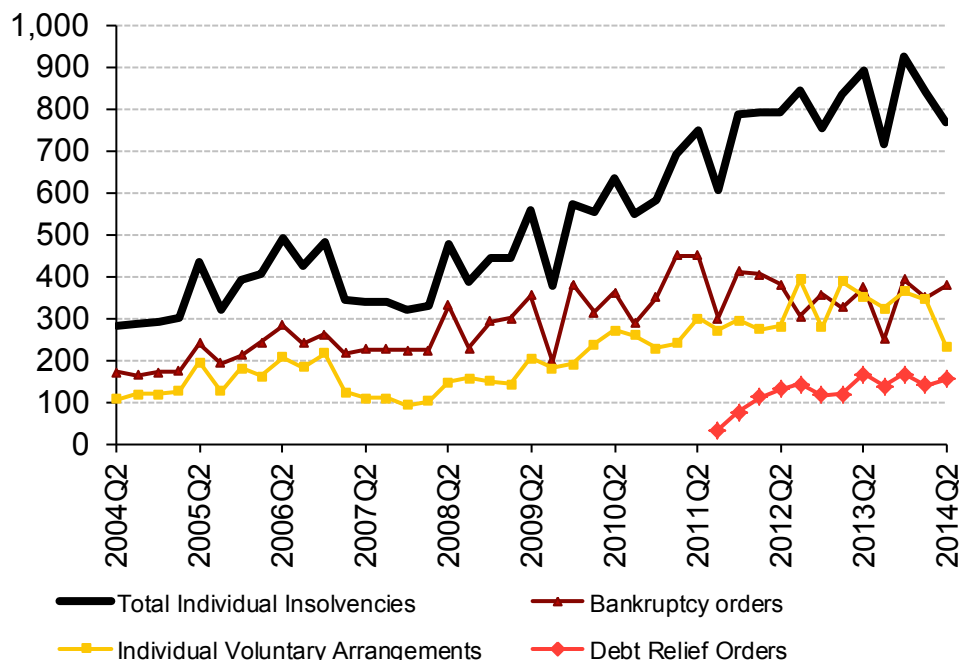
There were 75 company liquidations in Northern Ireland in the second quarter of 2014, 28.6% less than the same quarter a year ago. Of these, 52 were compulsory liquidations (down 21.2% on the same quarter last year), and 23 were creditors' voluntary liquidations (CVLs, down 41.0% on the same quarter last year).

The number of CVLs in Northern Ireland increased between 2007 and 2010, but has been fairly stable since then. The number of compulsory liquidations has been more volatile.

5.2 Individual insolvency

Individual insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales, and so figures are presented separately.

Figure 16: Individual insolvencies in Northern Ireland
(quarterly data, not seasonally adjusted)



Source: Department for Enterprise, Trade and Investment, Northern Ireland.
See Table 6 of the accompanying Excel file for more detail.

Explanation of key terms

Bankruptcy orders – a form of debt relief available for anyone who is unable to pay their debts. Assets owned will vest in a trustee in bankruptcy who will sell them and distribute the proceeds to creditors. Discharge from debts usually takes place 12 months after the bankruptcy order is granted.

Debt relief orders (DROs) – a form of debt relief available to those who have a low income, low assets and less than £15,000 of debt. There is no distribution to creditors, and discharge from debts takes place 12 months after the DRO is granted.

DROs were introduced in June 2011.

Individual voluntary arrangements (IVAs) – 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. IVAs are supervised by licensed Insolvency Practitioners.

There were 769 individual insolvencies in Northern Ireland in the second quarter of 2014, 14.0% less than the same quarter a year ago. Of these, 379 were bankruptcies (up 1.3% on the same quarter last year), 155 were DROs (down 7.2% on the same quarter last year), and 235 were IVAs (down 33% on the same quarter last year).

Though the graph highlights key changes, it should be noted that the volatility in the data is because the numbers of insolvency are low, so any small changes will result in large percentage changes.

The total number of individual insolvencies in Northern Ireland has been on a generally increasing trend since 2007. This has been driven by increases in the number of IVAs over this period, and the introduction and subsequent increase in the number of DROs. By contrast, the number of bankruptcies has followed a fairly stable trend since 2011.