

Dorset firms warned as number of voluntary liquidations rises

Businesses in Dorset have been warned to “stay alert” for signs of financial stress by the region’s restructuring and insolvency body as figures suggested a rise in the number of firms opting for voluntary liquidation

Figures published by the Insolvency Service revealed a 20% increase in the number of corporate insolvencies nationally in December 2021 compared to a year earlier, and a 32% rise on December 2019’s total.

Corporate insolvencies fell by 11.4% in December to a total of 1,486, compared to 1,678 in November.

Garry Lee, chair of R3’s Southern and Thames Valley region, which includes Dorset, said this had been driven by a reduction in all forms of corporate insolvency processes.

Mr Lee said the annual and two-yearly increases in corporate insolvencies were down to a rise in Creditors Voluntary Liquidations (CVLs), suggesting the economic impact of Covid restrictions was pushing many company directors to voluntarily close their businesses “before that decision is made for them”.

In December 2021, there were 1,365 CVLs – 37% higher than in December 2020 and 73% higher than in December 2019.

Mr Lee, an associate director in recovery and restructuring services with accountancy firm Smith and Williamson, said: “With the latest Covid restrictions set to last until the end of this month, business owners in Dorset need to remain alert.

“If the measures lead to their business becoming financially

distressed, they need to seek advice as soon as this happens from a qualified and regulated advisor.”

Chair of R3's Southern and Thames Valley region Garry Lee.

(Image: Paul Collins/Deep South Media)

Personal insolvencies fell by 10.1% to 8,434 in December last year, compared to 9,385 in November 2021, and were 12.4% lower than December 2020's figure of 9,625.

Mr Lee said: "Times are still tough for some people in Dorset. Many are worried about the future of the economy and their own personal finances, and are cautious about how they spend their money and what they spend it on.

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“Inflation is also becoming a problem, with rising energy bills and increasing household costs squeezing people’s finances.”

He said there was also growth in demand for unsecured credit as people turned to credit cards and overdrafts to pay for Christmas or to help manage their finances.

He added: “On the plus side employment is rising, but it remains to be seen whether wages will as well, as the economic effects of Covid continue to hit businesses.

“Our advice for anyone in Dorset who is worried about their finances is simple: seek advice now.

“The earlier you do so, the more options you have available, and the more time you have to make a considered decision about which of the potential next steps is right for you.”

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