

Company failures to rise in 2023 as cost pressures take their toll, warns FRP

Corporate restructuring firm FRP Advisory has said it is seeing a rise in inquiries as businesses come under pressure from soaring inflation and borrowing costs ahead of an expected surge in company failures this year.

FRP said in an update that it saw a jump in the number of company liquidation mandates as corporate insolvencies increased last year due to wider cost pressures and an uncertain economic outlook.

It is expecting activity in the restructuring and administration market to increase throughout 2023, although it said the sector is still yet to recover to levels seen before the pandemic struck.

FRP added: "As the challenges facing corporates continue, including ongoing inflationary pressures and increased costs of borrowing, the number of inquiries into FRP for restructuring assignments continues to rise."

The comments follow recent government figures showing the number of companies falling into insolvency in [England](#) and [Wales](#) last year surged to its highest since 2009.

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Total company insolvencies registered in 2022 leapt by 57% to 22,109 from the previous year, according to data from the Insolvency Service.

Experts said the rise was partly driven by the end of coronavirus support measures by the [Government](#) to support firms during the pandemic as well as weaker consumer demand.

The Insolvency Service reported the rise was driven by the highest number of Creditors' Voluntary Liquidations, a process which allow directors to voluntarily fold their insolvent firms, since records began in 1960.

Administrations also increased against 2021 but were lower than pre-pandemic levels.

The final quarter of 2022 showed that insolvencies continued to accelerate during the year, as they increased by 7% to 5,995 compared with the previous three-month period.

Geoff Rowley, chief executive of FRP Advisory Group, said: "The Restructuring team is well positioned to service the expected increase in demand and has proven itself to be resilient during a period when troubled UK businesses have been supported by government backed loans, other sources of liquidity and support."

The firm also offers debt advisory services and is seeing an increase in demand for support on transactions as a raft of firms refinance.

In its update, the group kept its full-year guidance unchanged for revenues of £101 million and underlying earnings of £26.7 million, but said the final outcome would be subject to the timing of several corporate finance deals completing around the year end.

FRP also unveiled a dividend payout of 0.85p a share for its third quarter to the end of January.