

# 2023 WAS A CHALLENGING YEAR FOR UK BUSINESSES.

The UK narrowly avoided a recession in 2023, but economic growth has been negligible, with many businesses struggling and on the brink of collapse. Figures released in the Creditsafe Insolvency Report revealed that **30,199** insolvencies occurred last year, **12%** higher than in 2022 and **34%** higher than the number registered in 2019 before the COVID-19 pandemic.

## KEY FINDINGS FOR 2023 INCLUDE:



A total of **30,199** UK companies became insolvent.



Insolvencies rose by **12%** compared to the previous year (2022).



**24%** of publicly listed companies issued 449 profit warnings, up 38% since 2019.

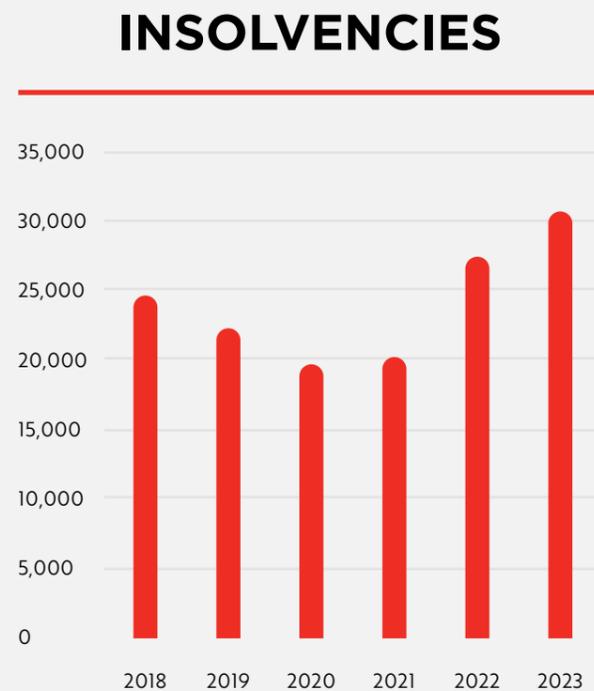


**45%** of all invoices paid in 2023 were paid beyond the agreed terms.

Throughout 2023, high-profile administrations dominated headlines, reflecting the volatile state of the business landscape. While most insolvencies primarily affected small and medium enterprises, there is now an increase in insolvencies spreading to large firms.

Several household names fell into administration as corporate insolvencies reached levels not seen since the global financial crisis. The increased cost of debt, reduced consumer demand and the long-lasting economic impacts of the pandemic made 2023 a challenging year for businesses.

Among the lengthy list of companies that called in the administrators were high-street staples **Wilko**, **Paperchase** and **Cath Kidston**. But we have not seen the last of these brands yet – all have been given a second lease of life after they were acquired by The Range, Tesco, and Next, respectively.



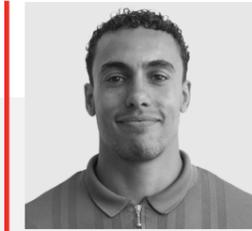
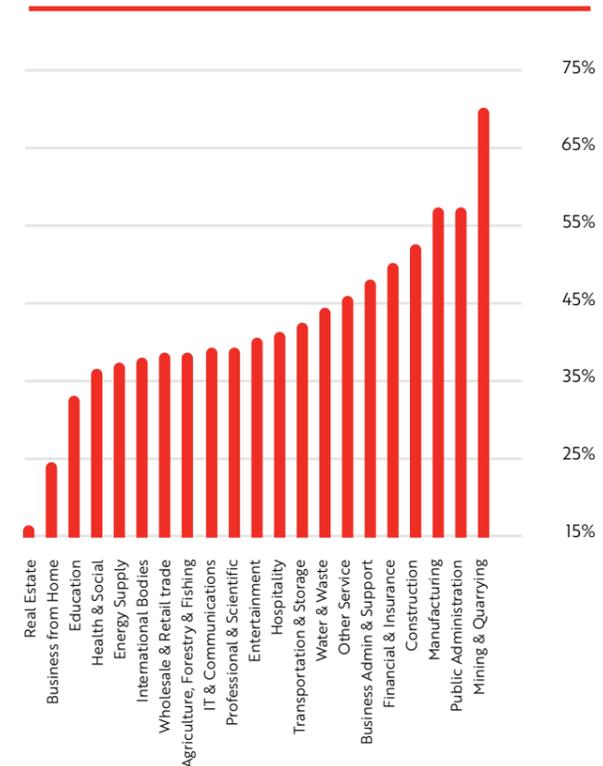
The Construction sector emerged as a focal point for insolvency concerns, constituting **17%** of all insolvencies. **Henry Construction**, a significant player in the industry, became the largest firm in the construction sector to go under since 2021. According to its most recent financial statements, the company faced outstanding debts of £120 million due within the upcoming year.

Following a year of uncertainty, **449** profit warnings were issued by publicly traded companies, marking a notable **23%** increase year-on-year and a staggering **38%** surge compared to the pre-COVID era. Companies whose balance sheets had previously been cushioned by extended COVID-19 support measures are now facing several liabilities, including the repayment of bounce-back loans, higher refinancing hurdles and ongoing supply, cost, and interest rate pressures.

While the overall outlook is concerning, **8 of 21** sectors saw an improvement in late payments compared to the same period in 2022. Mining and Quarrying, Finance and Insurance, and Manufacturing sectors saw the most significant rise (more than **10%** increase) in the percentage of late payments fuelled by the high number of struggling and failed businesses.

Due to similar economic conditions, insolvencies across Europe have also dramatically risen. Italy leads the tally with the most insolvencies, witnessing **101,905** companies going out of business, followed closely by France, which experienced a year-on-year increase of **37%**, resulting in the closure of **76,516** companies.

## % LATE PAYMENTS



“Amidst the stark economic challenges faced by businesses in 2023, the figures tell a compelling story of resilience and tough decisions”, said Drew Fahiya, Head of Data for **Creditsafe** UK & Ireland.

“As we witness a year-on-year increase in insolvencies and a significant **34%** surge compared to pre-pandemic times, many directors chose to close their businesses before the choice was taken away.

While high debt levels cast a shadow, there’s a growing determination to invest and salvage businesses with a potential future. However, any suggestion there is light at the end of the UK’s economic tunnel is not supported by these statistics.”

You can delve into the last 12 months’ insolvency figures at the click of a button for free on **Creditsafe’s** insolvency report. For real-time insight and alerts about company insolvencies, please consider subscribing to the **Creditsafe platform**.

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