



# NEWS WITH CLOUT

Chartered Accountants for Business Recovery & Insolvency Services  
January 2005

## STATISTICS

It's all been said before. You can make statistics say almost anything.

Best one we have seen lately was an article where it was claimed by an Insolvency Practitioner that a recent increase in Receiverships was indicative of an upswing in insolvency work and blamed this on the flat property market.

The Banks have not been appointing Receivers for years so there does not have to be much of an increase in appointments to make the statistics look skewed.

This supposed increase was news to us so we did some digging and found statistics of our own which we summarise in this edition of News with Clout. The first statistics we consider are in respect of Bankruptcy Act related appointments which we have extracted from ITSA's website and consolidated.

	2001	2002	2003	2004
<b>Bankruptcies</b>	26,045	23,067	21,426	20,340
<b>Part X</b>	463	274	213	158
<b>Part IX</b>	2,380	4,177	3,599	5,428

Apart from Part IX's the falling away of numbers appears to be a testimony to a robust economy over this period. In percentages terms the fall in Bankruptcies and Part X's over these years is quite dramatic.

You may recall a couple of years ago the government increased the thresholds of creditors claims and incomes to which Part IX could apply. This may account for some of the increases in Part IX no doubt at the expense of Bankruptcy numbers. In the last 2 years ITSA have started to split Bankruptcies into business

and non business related for statistical purposes.

	2003	2004
<b>Business</b>	3,817 17.80%	4084 20%
<b>Non Business</b>	17,609 82.19%	16,256 80%

As you can see from these figures there has been a slight increase in the proportion of Bankruptcies from business related sources.

What about the corporate arena. In order to give some comparison I have extracted the 11 month figures available for 2004 and compared them to the same 11 months for the previous 5 years in the table below. These figures have been taken from ASIC's website.

	External Administrations	Insolvency Appointments
<b>1999</b>	4,027	7,156
<b>2000</b>	4,522	7,662
<b>2001</b>	6,230	9,819
<b>2002</b>	5,802	9,491
<b>2003</b>	6,175	10,190
<b>2004</b>	6,097	9,990

We can see a trend upward in the first 3 years and then levelling out over the next three years.

These figures do not reveal any overall trend. In fact all statistics point to a robust economy no doubt hiding a multitude of sins.

Should you have any enquiries please feel free to call and speak to us.



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