

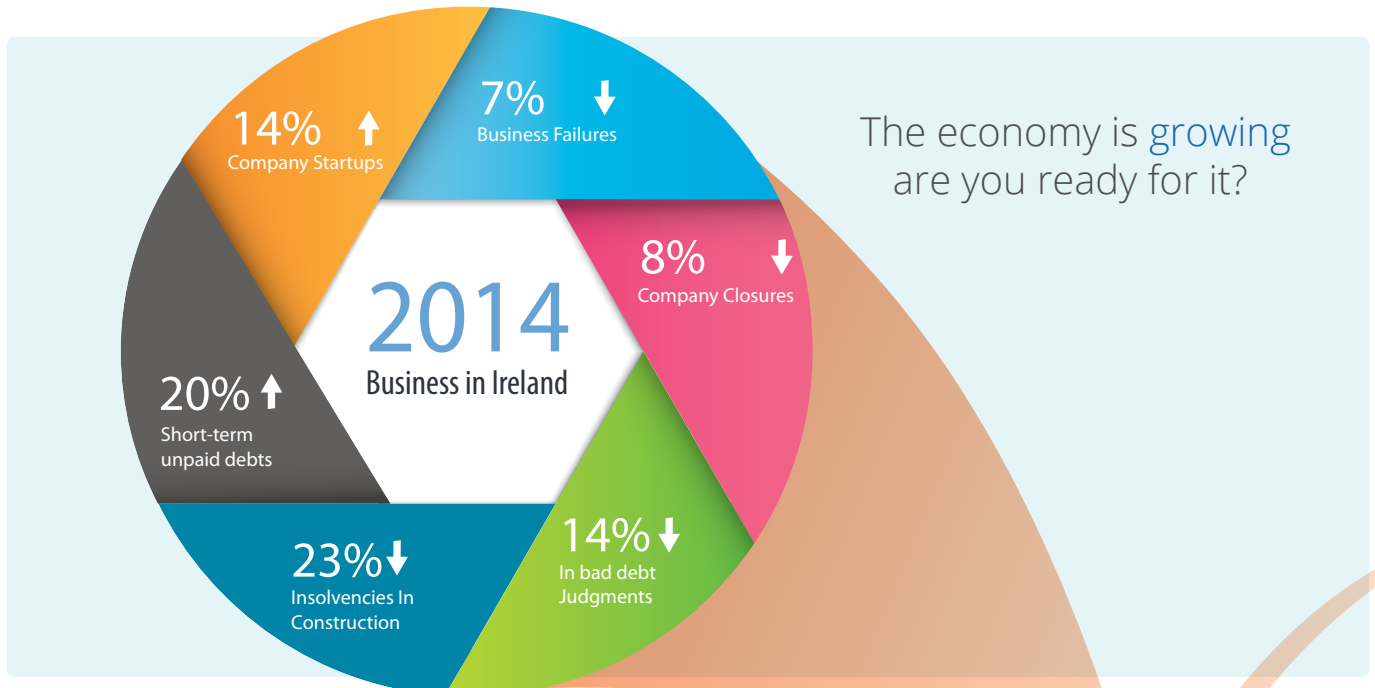
The economy is growing,  
are you ready for it?

# Annual Review Business Barometer 2015



# Executive Summary

## Key Trends of Irish Companies in 2014



The economy is growing  
are you ready for it?

In 2014, 17,923 companies were formed while some of it is necessity driven there is no denying that it is indicative of a greater business confidence overall. Company start-ups are up 14% on 2013.

Our research will show a broadening of the recovery too, with counties such as Cork, Limerick, Clare, Tipperary, Louth and Wicklow all enjoying increases in activity levels for start-ups. Foreign and Domestic investment has increased, unemployment has decreased steadily during the year and more critically we have seen a much needed return to business and consumer confidence. This has led to a return in demand for both the commercial and residential property market which accounts for the strong level of start-ups in the construction and related sectors during the year. A properly functioning construction and real estate sector is vital to any growing economy. We also noted, companies operating in industries such as agriculture, IT, fishing, hospitality, motor and professional services all performed particularly well during 2014.

There is more welcome news on business closures with the rate of corporate

insolvencies falling 7% on 2013 figures. The reduction in corporate insolvencies may indicate a level of forbearance in the banks with receiverships down 15% on 2013.

Last year we have seen long awaited for changes finally come into play with the new personal insolvency arrangements. These arrangements provided a much needed pathway for people with unsustainable debt burdens to begin again.

After a slow start we are seeing a growing number of people are now taking up these options and in particular we saw increased activity in the latter half of 2014. Overall there were approximately 814 arrangements during the year and the figure is growing weekly. We also note there has also been a significant rise in the cases of personal bankruptcy as the new less punitive terms came fully into force.

The seven year high in company formations and the declining rate of business failure are clear signals that the Irish economy has taken a positive turn towards a strong recovery and growth. Businesses are finally finding they are operating in a less hostile environment.

Companies and businesses leaders who gather up to date market intelligence about the sectors they operate in are more likely to make informed business decisions, avoid unnecessary bad debt and risk and therefore successfully and profitably trade as we emerge from recession.



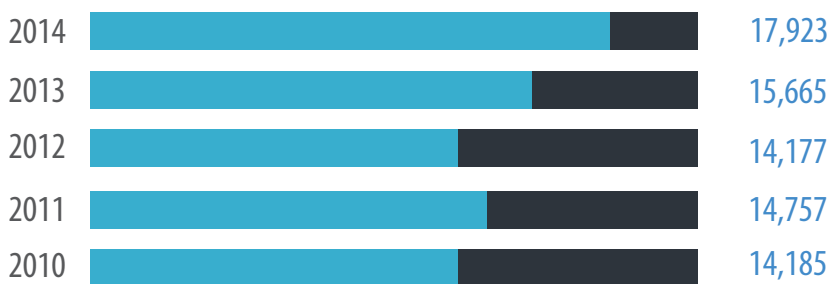
Christine Cullen, MD,  
Vision-net.ie

# Company Start-Ups

## Highest Levels In Seven Years

In 2014 we saw 17,923 new companies formed, which was up over 14% on 2013 and was the best year for company start-ups since 2007. Today over 189,000 companies are trading as normal in Ireland.

### TREND - NEW COMPANY STARTUPS



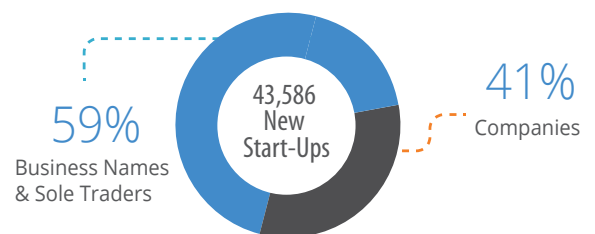
**14% increase**

2,258 extra new companies formed during 2014.

- Average of 4,481 companies formed each quarter of 2014
- Figures for Start-Ups in 2014 were up on 2013 in all four quarters
- Quarter 4 last year saw the highest number of company start-ups – 4,825
- Almost 18,000 company start-ups were formed last year – the highest figure seen since 2007 (18,825)
- Percentage breakdown per industry largely in line with figures from 2013

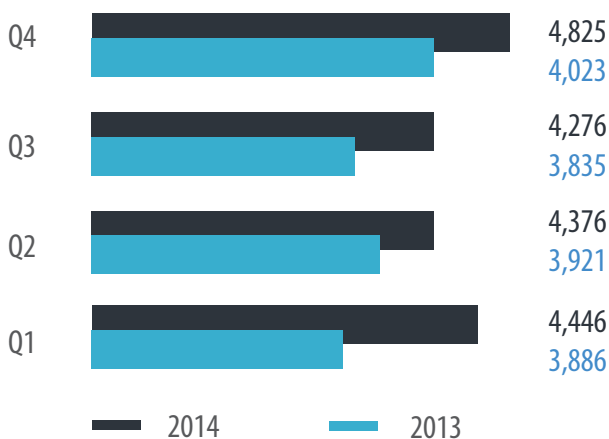
### Total Startups

43,586 new company and business start-ups were registered in the last year.



Business Names Registrations in 2014 were at similar levels to 2013 (25,663 vs 25,798).

### QUARTERLY BREAKDOWN



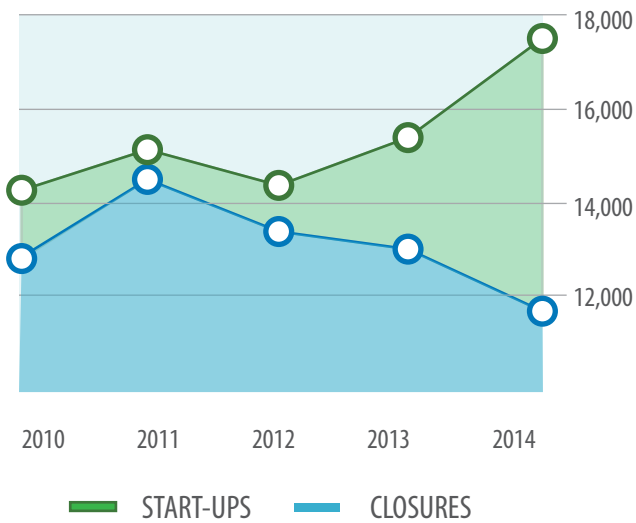
“every quarter last year out-performed the corresponding period of 2013 for company start-ups.”

# Company Closures

## Company Closures Down 8%

11,882 Irish companies were dissolved in 2014 which is down 8% on the figure for 2013 of 12,923. As a result there was a net increase in the number of companies operating in Ireland during 2014 of 6,041 which can only be viewed as positive news.

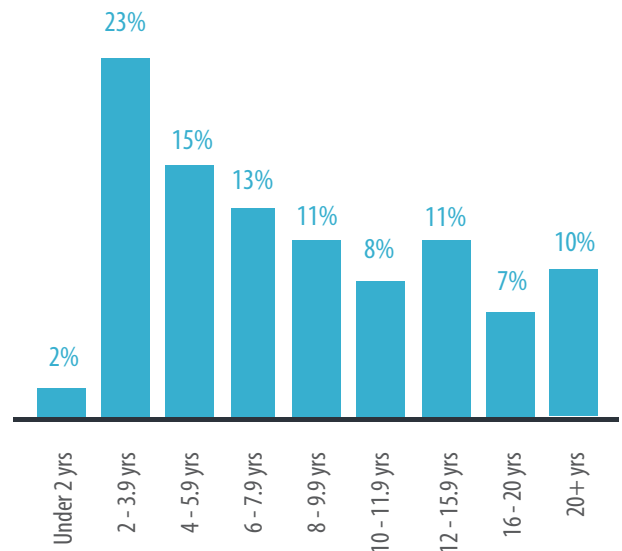
### COMPANY STARTUPS vs COMPANY CLOSURES



YEAR	STARTUPS	CLOSURES	DIFF
2014	17,923	11,882	6,041 ↑
2013	15,665	12,923	2,742 ↑
2012	14,177	13,254	923 ↑
2011	14,757	14,225	532 ↑
2010	14,185	12,769	1,416 ↑

- Company start-ups have outnumbered company closures for the past 5 years.
- 2014 saw a widening of the gap between start-ups and closures to 6,041
- With 189,000 companies now trading in Ireland this represented a 3% net gain in Irish companies.
- Company closures were down 8% on the figure for 2013 of 12,923
- Percentage breakdown for affected industries is largely in line with 2013 figures.
- 1 in 4 companies closed by year 4 in business. 40% failed by year 6. Once past year 6 the probability of failure fell substantially.

### CLOSURES - LENGTH OF TIME IN BUSINESS

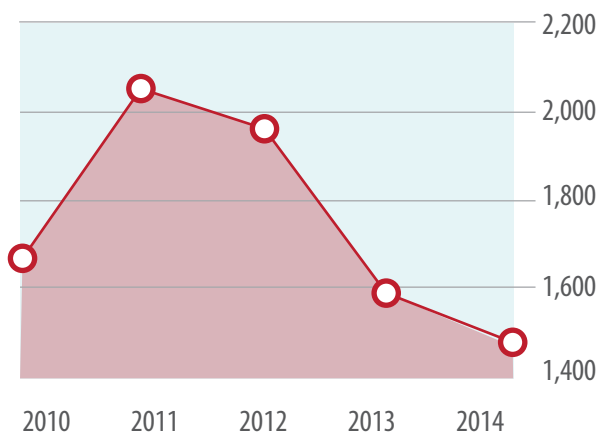


# Company Insolvencies

## Company Failures Fall By 7%

Further positive news with the percentage of Irish companies that collapsed in 2014 down 7% on 2013 figures (1,479 vs 1,586). These are companies that collapsed in 2014 and had an examiner, receiver or liquidator appointed where no declaration of solvency was filed.

### COMPANY FAILURES - TREND



- 1,479 Irish companies failed in 2014, down 7% on figures for 2013 (1,586)
- October saw the most companies fail (159) last year
- Average of 123 failures per month in 2014
- The number of company failures has fallen each year for the past 4 years.

### BREAKDOWN OF COMPANY INSOLVENCIES 2014

1,009	COMPANIES IN LIQUIDATION	2% ↓	39	COMPANIES IN EXAMINERSHIP	0% =	463	COMPANIES IN RECEIVERSHIP	15% ↓
<p>1,009 liquidations include court ordered wind-ups and companies that appointed a liquidator and filed no Declaration of Solvency.</p> <p>Positive signs of a resurgence as the number of liquidators of insolvent companies continues to fall.</p>			<p>39 Companies sought court protection from its creditors and had an examiner or interim examiner appointed.</p> <p>This is largely in-line with the 2013 figures showing continued strong survival prospects for ailing companies.</p>			<p>The number of Receivers appointed to Irish companies in 2014 was down 15% on 2013 figures (544 vs 463).</p> <p>This may be an indicator of banks less forcefully pursuing their debts.</p>		

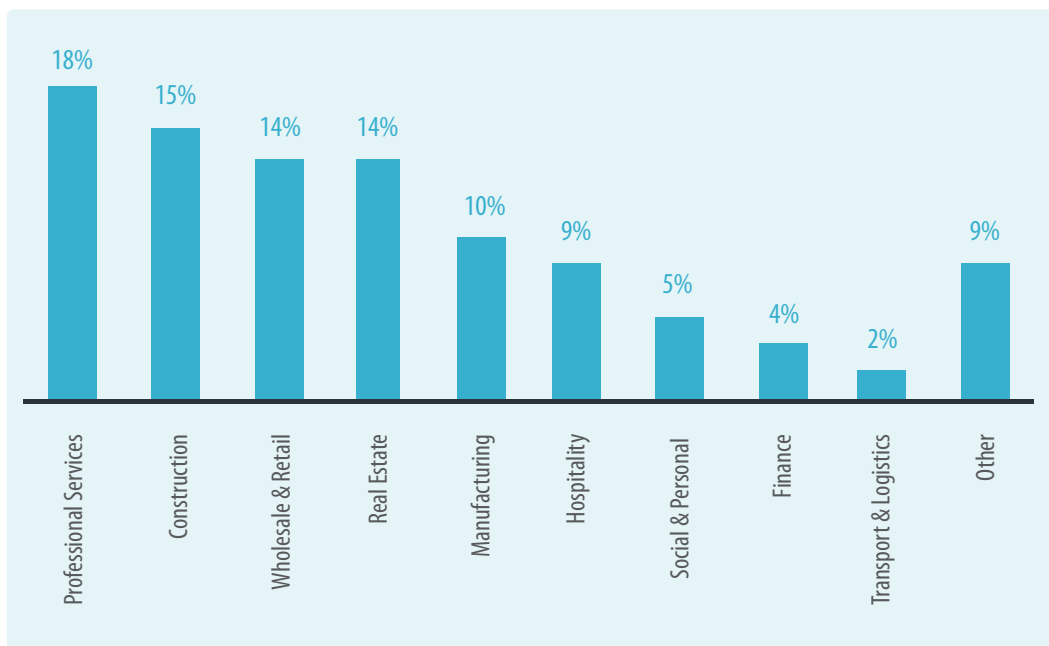
YEAR	INSOLVENCIES	DIFF
2014	1,479	107 ↓
2013	1,586	390 ↓
2012	1,976	43 ↓
2011	2,019	357 ↑
2010	1,662	

# Industry Analysis

## Sectors Most Affected By Insolvencies in 2014

While the doors of 11,882 Irish companies closed in 2014, the percentage breakdown for affected industries is largely in line with 2013 figures. However when this is further narrowed to company closures as a result of insolvency where creditors are more likely to incur bad debts, we have seen much greater variance from industry to industry.

### SECTORS MOST AFFECTED BY INSOLVENCIES IN 2014



### KEY CHANGES IN INSOLVENCIES

#### MANUFACTURING

Drop of 13% on 2013



#### PROFESSIONAL SERVICES

Down 9% on 2013

#### CONSTRUCTION

Down 23% on 2013

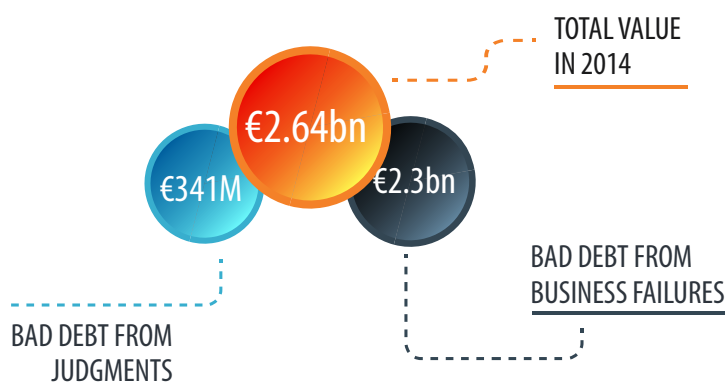
- There was a 23% drop in the number of insolvencies affecting the construction sector last year compared to 2013 (219 v 284)
- 265 companies in the professional services sector were declared insolvent in 2014 – a drop of 9% on 2013’s figure (291)
- 13% decrease in insolvencies affecting the manufacturing sector (143 v 165)
- Industries in “Other” include IT, motor, health & social services, agriculture, leasing, education, utilities, mining and public admin

# Corporate Bad Debts In 2014

## Unpaid Debts in 2014

Insolvencies were down 7% in 2014, but the value of bad debts lost in 2014 due to insolvencies rose sharply. For 2014 bad debts to unsecured short term creditors were up 28% on the previous year, from €1.8bn to €2.3bn. This means bad debts were costing companies €50m per week in 2014.

### SHORT TERM TRADE DEBTS



- Figures are for companies wound-up by the High Court or that appointed a liquidator and didn't file a declaration of solvency
- Money owed to short term creditors was €2.3bn (increase of 28% on 2013 figure)
- The value of bad debt judgments registered in 2014 fell by 14% to €341m.
- Total unpaid debts in 2013 was €2.2bn compared to €2.64bn in 2014 an overall increase of 20%.

YEAR	DEBTS FROM FAILING CO.S	BAD DEBT JUDGMENTS	TOTAL
2014	€2.3bn	€341m	€2.64bn
2013	€1.8bn	€399m	€2.20bn

## Unpaid Debts in 2014

Debt appears to be a defining characteristic that we see in companies that are collapsing as owners struggle to pay for rents, salaries and suppliers. Today in Ireland, companies and business managers should rigorously risk check those whom they give credit to avoid financial contagion. As we emerge from recession, companies that gather intelligence about the markets in which they operate are more likely to make informed business decisions, avoid risk, and therefore successfully trade.

Today in Ireland, companies and business managers should rigorously risk check those whom they give credit to avoid financial contagion.

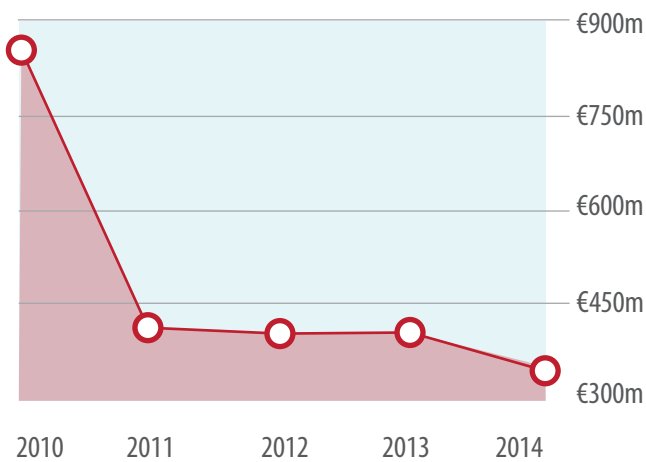


# Bad Debt Judgments

## Registered Bad Debt Judgments In 2014

4,321 Registered Commercial and Consumer Judgments were awarded in 2014. 3 out of every 4 of these were registered against Consumers with the remainder being Commercial Judgments. These Judgments totalled €341m which represents a 14% drop on 2013 figures of €398m.

### BAD DEBT JUDGMENTS - TREND



- The value of bad debt judgments registered in 2014 fell by 14%. For the previous three years judgment awards were static at €400m.
- Banking and Revenue were the highest plaintiffs with judgments awarded of €213m and €70m.

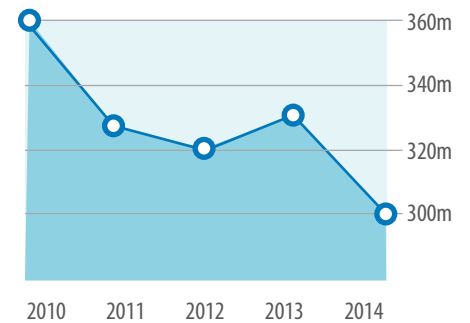
### AVERAGE VALUE OF BAD DEBT



### TOTAL JUDGMENTS

YEAR	VALUE	NO
2014	€341m	4,321
2013	€399m	5,486
2012	€383m	5,884
2011	€405m	7,306
2010	€861m	7,022

### CONSUMER JUDGMENTS



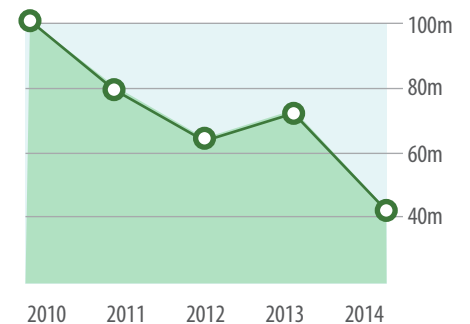
### CONSUMER JUDGMENTS

YEAR	VALUE	NO
2014	€300m	3,235
2013	€327m	3,732
2012	€320m	3,905
2011	€325m	4,455

### COMMERCIAL JUDGMENTS

YEAR	VALUE	NO
2014	€41m	1,086
2013	€72m	1,754
2012	€63m	1,979
2011	€80m	2,851

### COMMERCIAL JUDGMENTS





# Personal Insolvency

## Personal Insolvency Take-up in 2014

2014 saw a large leap forward for the start of the Personal Insolvency legislation in Ireland. Previously, if a person was insolvent bankruptcy was the only formal mechanism available to settle their debts and get protection from creditors.

Three new debt resolution mechanisms were introduced under the Personal Insolvency Act 2012 for people who cannot afford to pay their personal and mortgage debts. These are administered by the Insolvency Service of Ireland which became fully operational during 2014.

### PERSONAL INSOLVENCY - 2014

INSOLVENCY TYPE	NO OF CASES
Consumer Judgments	3,235
Bankruptcy Database	410
Personal Insolvency Arrangements	123
Debt Settlement Arrangements	70
Debt Relief Notice	228
Protective Certificates	393



814 Personal Insolvency agreements were entered into in 2014. The majority of these (641) were entered into during the second part of the year as the new Personal Insolvency office got into full operation.

As the new rules in relation to bankruptcy came into effect in December 2013, last year was the first full year for individuals to benefit from the new rules reducing the term from 12 years to 3 years. This has resulted in a significant rise in the number of bankruptcies recorded in 2014, 7 times as many as 2013's figure (410 vs 56 bankruptcies).

Collectively 1,224 people have availed of one of the new personal insolvency mechanisms or the revised bankruptcy process. Although this represents a large increase in personal insolvencies, with the latest reported figures showing 84,955 people in mortgage arrears of 90 days or more on their principal dwelling, 1,224 people appears to be a relatively low number of applications availing of the new mechanisms.

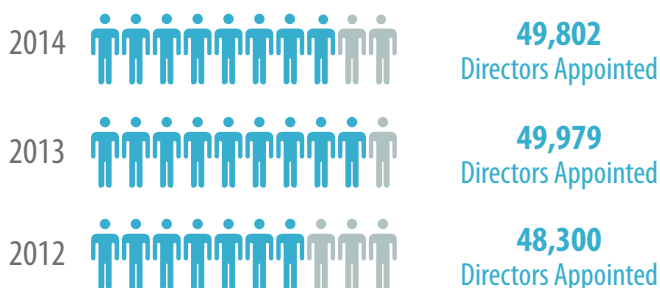
1,224 people  
have availed of  
the new personal  
insolvency  
mechanisms  
in 2014.

# Directors In Ireland

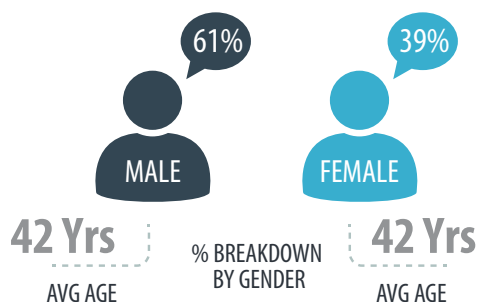
## New Directors In 2014

There are currently over 310,000 Directors of Irish companies. Which means one person in every 15 people in the country are a director of an Irish company. Just under 50,000 Directors were appointed in 2014, 61% of these were first time directors which is in-line with 2013.

### DIRECTORS APPOINTED

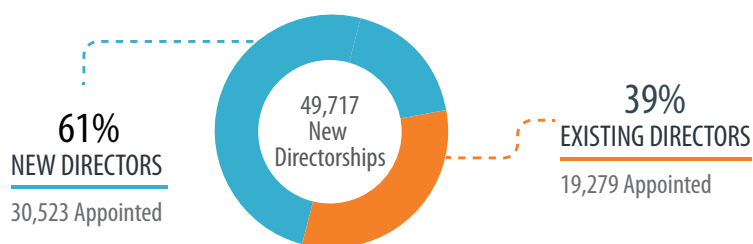


### AGE / GENDER - 2014



## Entrepreneurial Spirit

61% of these were first time directors which is in-line with 2013. Indicates confidence in the economy from existing companies as they seek to capitalise on potential opportunities.



# Why Vision-net

## Great data drives everything!

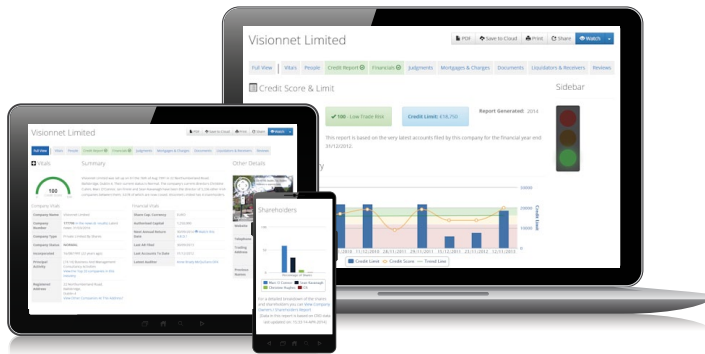
**Success is easier with great data!** Vision-net are Ireland's leading provider of official company, director and shareholder information along with the latest credit/risk ratings, bad debt judgments and insolvency notices.

Our system is used daily by thousands of business professionals across a wide range of industry sectors including Manufacturing, Wholesale, Accounting, Banking, Legal etc. to assist with their Compliance, Due Diligence, and Credit Checking requirements for Irish, UK, European and Worldwide entities.

Information on Vision-net.ie is updated live in real time to ensure our clients are constantly provided with up to the second data, while our comprehensive company and director monitoring facilities ensure the most relevant updates are always brought to their attention.

## Risk Assessment & New Business Opportunities

Open doors to the following opportunities on Vision-net.



189,000

Companies trading with a Normal status in the Republic of Ireland

310,000

Directors of Irish companies with a Normal Status

506,000

Business names or Trading Names. 299,000 are owned by sole traders, 66,000 by partnerships and the remainder are owned by companies.

80%

of business failures are predicted on avg six months in advance.

24 hours

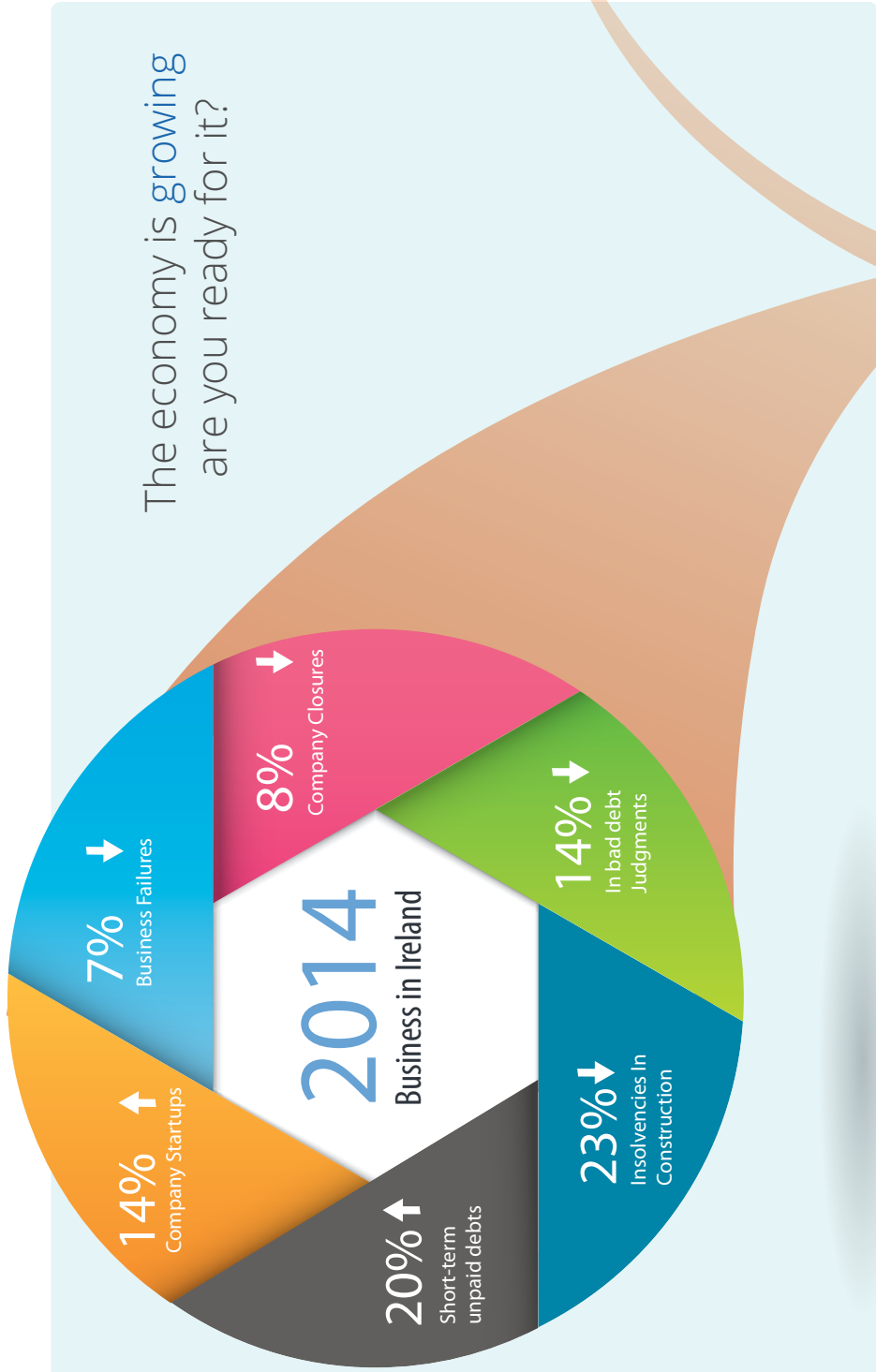
ahead of other suppliers through our realtime updates.

Local

insight layered on hard data, delivered in a customised solution.

24 years

in business and trusted every day by media, banks, state, semi-state, and professional practices.



The economy is growing  
are you ready for it?

## BUSINESS FAILURES

1,497 COMPANIES DECLARED INSOLVENT IN 2014

7% ↓



7% DOWN ON 2013  
25% DOWN ON 2012



On average 4 companies per day became insolvent in 2014

### TREND - INSOLVENT COMPANIES



### BREAKDOWN 2014



## START-UPS

NEW COMPANY START-UPS ARE UP 14% IN 2014



17,923  
New Companies



15,665  
New Companies

HIGHEST NO. OF START-UPS  
SINCE 2007



BUSINESS START-UPS SIMILAR TO 2013 - 25,663

## JUDGMENTS

3,235 JUDGMENTS WERE REGISTERED IN 2014 WORTH €341M



NO. OF JUDGMENTS DOWN 21%  
VALUE OF JUDGMENTS DOWN 14%

3 OUT OF EVERY 4 JUDGMENTS ARE AGAINST INDIVIDUALS



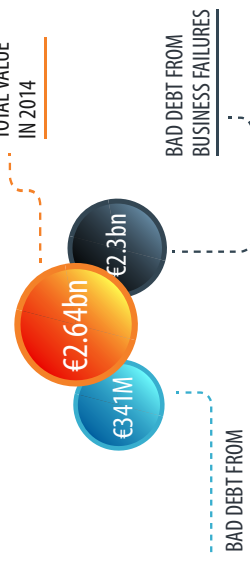
3,235 Cases  
1,886 Cases



€41M  
REGISTERED AGAINST  
COMPANIES

## UNPAID DEBTS

SHORT TERM TRADE DEBTS



THE VALUE OF TRADE BAD DEBTS IN THE ECONOMY INCREASED BY 20%

## NEW DIRECTORS

30,523 PEOPLE BECAME DIRECTORS FOR THE FIRST TIME



61%  
% BREAKDOWN  
BY GENDER

42 Yrs  
AVG AGE











42 Yrs  
AVG AGE

49,802 DIRECTORS APPOINTED, 61% FOR FIRST TIME

# Your Vision-net Team

## Your Dedicated Support Team

Your dedicated support team have over 30 years combined experience in working on AML, Due Diligence and Credit Screening projects. Your team will provide you with the highest levels of support, service and user experience at all times.

NAME	ROLE	CONTACT NO.	EMAIL
<a href="#">Christine Cullen</a>	Managing Director	 01 664 1111	 <a href="mailto:christine@vision-net.ie">christine@vision-net.ie</a>
<a href="#">Ian Finnie</a>	Director	 01 664 1111	 <a href="mailto:ian@vision-net.ie">ian@vision-net.ie</a>
<a href="#">Rachel Curran</a>	Client Liaison Manager	 01 664 2346	 <a href="mailto:rachel@vision-net.ie">rachel@vision-net.ie</a>
<a href="#">JP Wickremasinghe</a>	Marketing Executive	 01 664 1111	 <a href="mailto:jp@vision-net.ie">jp@vision-net.ie</a>
<a href="#">General Support</a>	Helpdesk	 01 664 1111	 <a href="mailto:helpdesk@vision-net.ie">helpdesk@vision-net.ie</a>

If you have any questions in relation to Vision-net please don't hesitate to contact your Account Team at any time.

Rated the #1  
business intelligence  
and credit risk agency  
with over 100,000  
registered users.

Vision-net is  
fully accredited  
by the top  
credit insurance  
agencies.