

## ANALYSIS

# Behind the headlines

Susan Dunlop, Partner at GM<sup>c</sup>G Chartered Accountants, looks at the figures behind the Top 100 and what challenges lie ahead



**T**he *Ulster Business* Top 100 list always makes an interesting read. The listing and associated analyses are seen by many as the 'signature dish' of the business magazine, and for good reason.

Regardless of what aspect of industry you might be involved in, it is easy to appreciate the insights and trends that can be identified from the Top 100 listing.

This year's *Ulster Business* Top 100 list shows that it has been a challenging year for Northern Ireland's Top 100 companies. Despite a combined increase in turnover of 3% and an increase in employee numbers from 75,777 to 91,667 (21%), it has revealed a significant fall in pre-tax profits and net worth.

Pre-tax profits have more than halved (56%), falling from £1.2bn to £533m, with net worth shrinking by £754m (11%) from £6.757bn to £6.003bn. There were 16 companies reporting pre-tax losses compared to 11 in the prior year, the most notable of these being Shorts, Gortmullan and Northern Ireland Transport – excluding these three companies, the fall in pre-tax profits reduces to 12%.

So what challenges are these and other Northern Ireland businesses facing and likely to face in the coming months?

In an evolving political landscape, the performance of the Executive has been overtaken by Brexit as an issue that is causing the greatest amount of instability and question marks over business confidence and investment. Uncertainty over such variables as border controls, tariffs, free movement and access to markets will undermine any economic recovery unless we achieve clear and decisive leadership both at Westminster and at Stormont.

Exchange rate fluctuations have been precipitated by the Brexit result and add to the uncertainty faced by many Northern Ireland businesses involved in overseas trade. The strength of sterling was one of the key concerns cited by the findings of a recent local business survey. Other key findings cited competition, rising costs and the national living wage (particularly for the hospitality and tourism sector) as key issues that could undermine business confidence in 2016.

The Northern Ireland economy and its recovery face further uncertainty with the

question mark over corporation tax. The anticipated benefits of the reduction in corporation tax rate to 12.5% (from April 2018) in Northern Ireland are somewhat diminished following the former Chancellor's announcement that he would reduce the UK rate to below 15%. Corporation tax will undoubtedly be high on the Executive's agenda in the coming weeks and months.

Northern Ireland's Top 100 companies are crucial to the Northern Ireland economy. Notwithstanding global variables affecting all markets, we need to ensure our own house is in order and we have the conditions in place to help these companies thrive. This includes investment in education and initiatives to address skills deficits, improved infrastructure, increased inward investment, as well as a vision and leadership that will help us move away from our over reliance on the public sector, encouraging innovation, research and development and exploration of export markets. All of this is only achievable when the correct economic and political frameworks are in place.

Programme for Government, it's over to you. ■