

Business Activity

Statistics Bulletin

VAT and PAYE registered businesses in Northern Ireland:

Facts and Figures from the Inter Departmental Business Register (IDBR) – Edition 17 (Updated)

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1

Introduction and Context

This bulletin provides an overview of the number and characteristics of VAT and/or PAYE registered businesses in Northern Ireland (NI) as at March 2014, including information on foreign ownership. This February bulletin updates the NI only data reported in July 2014 including UK business birth, death and survival rates for the calendar years 2007 to 2013 (section 5) and by providing equivalent data for Scotland, Wales and England to set the existing Northern Ireland figures in context (section 6).

The bulletin is based on data taken from the Inter Departmental Business Register (IDBR): a central register of all businesses in the UK that are either VAT registered or operating a PAYE scheme.

To support this bulletin a set of reference tables in greater geographical and industrial detail have been produced. Three sets of excel tables are published alongside this bulletin - '**VAT and/or PAYE tables**', '**Business Demography tables**' and '**Foreign Ownership tables**'. These tables are available via the following link:

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-inter-dept-bus-register.htm>

The **VAT and/or PAYE** tables (26 tables) provide information on the characteristics of VAT and/or PAYE registered businesses in Northern Ireland and Local Government Districts (industrial classification, employment size band, turnover size band, private/public sector and legal status). The Northern Ireland data is also set in the UK context.

The **Business Demography** tables (9 tables) provide birth, death and survival rates for Northern Ireland businesses set in the UK context. Information on industrial classification is also available.

The **Foreign Ownership** tables (4 tables) provide information on the country of ownership of Businesses operating in Northern Ireland including the number of employees in non-NI owned businesses.

A detailed list of the tables has been included in section 9 – List of Accompanying Tables.

Inter Departmental Business Register

The Inter Departmental Business Register (IDBR) contains information on all businesses in the United Kingdom which are either VAT registered or operating a PAYE scheme. The register is located in the Office for National Statistics (ONS) Newport but the Northern Ireland element of the register is updated and maintained by the Economic and Labour Market Statistics Branch (ELMSB) within the Northern Ireland Statistics and Research Agency (NISRA), an agency of the Department of Finance and Personnel (DFP).

The IDBR covers most of the economy including the Agriculture, Production and Service sectors in Northern Ireland. It does not, however, include very small businesses which fall below the VAT and PAYE thresholds. This means that many self-employed workers will not be included on the IDBR. Estimates of the number of unregistered businesses in the private sector are produced by the Department of Business, Innovation and Skills (BIS). Further information on the characteristics of these businesses can be found on the BIS website via the following link:

<https://www.gov.uk/government/publications/business-population-estimates-2014>

The register holds information on the characteristics, structure and location of Northern Ireland businesses. This information includes, among other things, legal registration status, country of ownership, turnover, employment, employees and industrial classification (SIC 07).

The IDBR gathers information from three main sources:

1. Traders registered for Value Added Tax (VAT) purposes with HM revenue and customs (HMRC)(Customs).
2. Employers operating a Pay As You Earn (PAYE) scheme - registered with HMRC (Revenue).
3. Incorporated businesses registered at Companies House.

New businesses are identified through VAT and/or PAYE registrations and Companies House registrations. The Business Register Inquiry (or Proving Survey) verifies the existence of the business, its characteristics and the location. Subsequent updates take place as a result of survey returns, information received directly from businesses and VAT information received from HMRC. The main vehicle for survey updates is the [Northern Ireland Census of Employment Survey](#) . This survey provides employment/ employee information and also identifies mergers/takeovers. Turnover information is taken from HMRC VAT returns or the [NI Annual Business Inquiry \(ABI\)](#).

The IDBR enables Government to conduct efficient and cost effective surveys/inquiries whilst minimising the burden on businesses. It is used for national accounts and labour market statistics, as well as providing basic information on the structure of the economy. In short, it is used in four main ways:-

- To select the businesses to be included in the surveys/inquiries,
- To mail forms,
- To enable estimates to be made for businesses who do not respond or those not asked to participate in any particular inquiry, and
- To produce analyses of business activity.

ELMSB are responsible for answering information requests relating to the Northern Ireland component of the IDBR. Further information on the IDBR is included within the background notes of this publication (see section 7) and via the link below:

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-inter-dept-bus-register.htm>

Definitions

A Northern Ireland business can either be defined as an ***enterprise which has its registered address in Northern Ireland*** or as an ***enterprise which operates in Northern Ireland***. The former definition assigns each business or enterprise to a single location within the UK. However, this definition excludes part of the Northern Ireland business population, namely those companies which have a presence in Northern Ireland but have their registered UK address (or head office) elsewhere in the UK. For this reason the alternative definition of enterprises operating in Northern Ireland definition has been used in all Northern Ireland and Local Government tables (sections 1-4). In the UK-wide tables produced by the Office for National Statistics (section 5) and the UK comparison figures (section 6), the former definition is used. This is necessary so that each UK business or enterprise is assigned to a single location within the UK.

2

Executive Summary

In March 2014 there were 67,710 businesses operating in Northern Ireland registered for VAT and/or PAYE compared with 67,745 in March 2013, a marginal decrease of around 0.1%. As of March 2014, Northern Ireland accounted for around 3% of UK businesses. In the UK there were 2.26 million businesses registered for VAT and/or PAYE in March 2014, compared with 2.17 million in March 2012, a rise of around 96,000 (4.4%).

Belfast District Council accounted for the largest proportion (12.9%) of VAT and/or PAYE registered businesses operating in Northern Ireland followed by Newry and Mourne (6.8%). Carrickfergus had the lowest proportion with just 1.1%.

In relation to the new District Councils (due to be fully implemented by April 2015), Belfast District Council still accounts for the largest proportion (13.3%) of VAT and/or PAYE registered businesses operating in Northern Ireland, followed by Mid Ulster (11.7%). Antrim and Newtownabbey had the lowest proportion with 5.4%.

Industry in Northern Ireland

The industry composition of businesses operating in Northern Ireland has remained relatively unchanged since 2009 with almost half (48%) of all businesses falling into the three largest industry groups; Agriculture, Construction and Retail.

Agriculture, forestry and fishing was the largest single industry group in Northern Ireland representing 25.0% of all businesses operating in Northern Ireland that are registered for VAT and/or PAYE. This group accounts for approximately 38% of all Sole Proprietor businesses and 42% of all Partnership businesses operating in Northern Ireland.

The construction sector remains the second largest industry group and accounts for 13.5% of businesses operating in Northern Ireland. However, the Construction sector has experienced the largest decline of all industries since 2009 both in terms of absolute numbers of businesses (-3,100) and percentage decline (25.3%).

The number of Retail businesses (6,205 or 9.2%) has also experienced a sustained decline since 2009 and is now 9% (615 businesses) smaller than at the start of the time period.

Small Business Economy

The figures show that in terms of both turnover and number of employees Northern Ireland is a small business economy.

Almost half (around 47%) of businesses operating in Northern Ireland had a total turnover of less than £100,000, with less than 10% having a total turnover exceeding £1 million.

Businesses with total employment of less than 50 people accounted for around 98% of VAT and/or PAYE registered businesses operating in Northern Ireland. Businesses with total employment of less than 10 accounted for around 87%

Business Structure

The majority of businesses operating in Northern Ireland were in the private sector (99.7% or 67,465). The private sector was in turn dominated by micro businesses i.e. those employing less than 10 people. In March 2014, 89.4% (60,300) of private sector businesses were micro-businesses. In contrast, the public sector businesses tend to be larger with 36.7 % (90 businesses) classified as medium (50-249 employees) and 24.5% (60 businesses) classified as large (250+ employees).

Although the public sector includes just 0.3% (245) of all VAT and/or PAYE registered businesses operating in Northern Ireland, the Quarterly Employment Survey shows that public sector businesses account for almost a third (30.6%) of employee jobs in Northern Ireland.

Northern Ireland has seen an increase in incorporation since 2006. Although the total number of businesses operating in Northern Ireland has reduced by 1,150, there are now 5,285 more companies, an increase of 31.7%.

This trend to incorporation has been at the cost of sole proprietors and partnerships both of which have experienced a steady decline from a peak in 2008. The number of businesses registered as Sole proprietors reduced by 15.8% (5,645) while Partnerships have contracted by 9.2% (1,220).

Foreign Ownership

Only a small proportion (2.3% or 1,580) of businesses operating in Northern Ireland had a non-Northern Ireland Country of Ownership. However, these businesses tended to be large and therefore accounted for a significant proportion (24.4%) of Northern Ireland employees.

The majority of non-NI owned firms had a Country of Ownership of Great Britain (1.1%), Republic of Ireland (0.4%) or the United States of America (0.3%), with over 40 other countries accounting for the remaining 0.5%.

Business Demography

In 2013 the business birth rate in Northern Ireland as a proportion of active enterprises was 8.7% (7.0% in 2012). This birth rate was lower than the rest of the UK which had an overall birth rate of 14.1% (11.4% in 2012). In 2013, the Northern Ireland death rate was 9.2% (9.7% for the UK)

While the move towards economic recovery has seen birth rates being higher than death rates for the UK as a whole in 2013, Northern Ireland continues to see the opposite with 265 more deaths than births. Northern Ireland is the only UK country that recorded such a trend.

Northern Ireland has the lowest rate of business survival over the last 5 years. In Northern Ireland there was a sharp decline in survival rates for businesses born in 2008 which was more extreme than in the rest of the UK. Survival rates for businesses born in later years have gradually improved and are closer to the UK average.

Comparison with the UK

An increase in UK businesses in 2014 has been driven by increasing numbers of businesses with a main (or registered) address in England (4.7%), Scotland (3.7%) and Wales (2.9%). In contrast, however, the number of VAT and/or PAYE businesses with a main (or registered) address in Northern Ireland continued to experience a decline (-0.1%).

Northern Ireland continues to show a lower reliance on the services industries (as a proportion of businesses) than the rest of the UK accounting for around 55% of businesses versus 76% of businesses in the UK as a whole. In Northern Ireland, the Agriculture, forestry and fishing sector was the largest single industry group.

Northern Ireland is a small business economy; this is similar to the other UK countries. However, in contrast to the other UK countries, the majority of Northern Ireland businesses had total turnover of less than £100,000 (47.1%), whereas the majority of businesses in England, Scotland and Wales all fell within the £100,000 to £999,999 turnover size band.

3.1

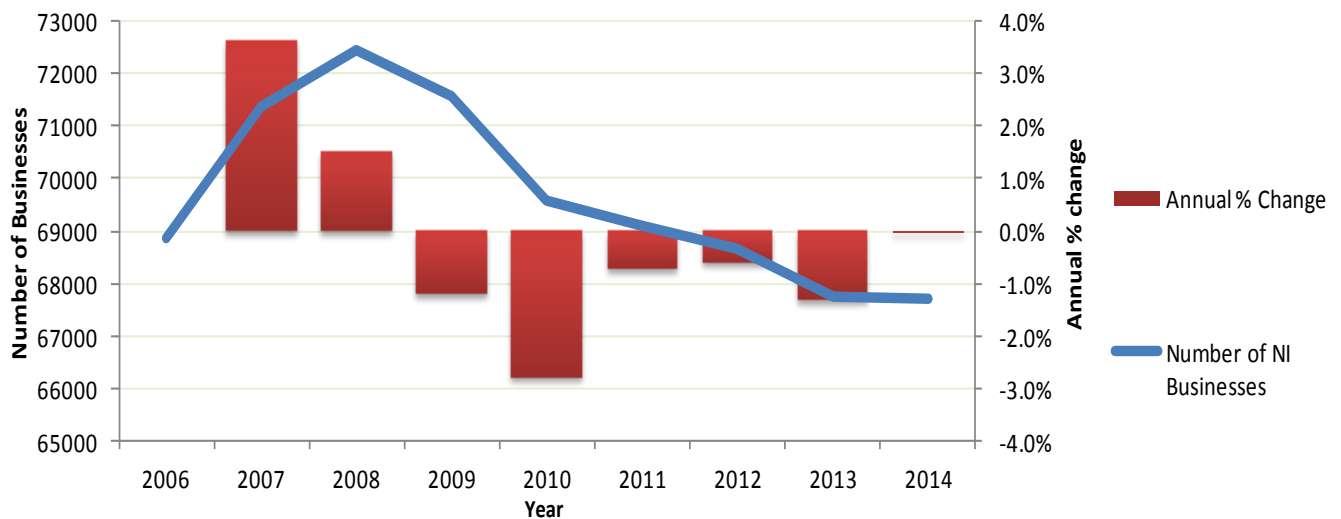
Number of Businesses

There were 67,710 businesses operating in Northern Ireland registered for VAT and/or PAYE in March 2014, compared with 67,745 in March 2013, a small decrease of around 0.1%.

As shown in Figure 1, Northern Ireland has experienced continued decline in the number of businesses operating in Northern Ireland that are registered for VAT and/or PAYE since 2008. In March 2014, Northern Ireland experienced the smallest level of decline since 2008 (0.1%). These figures cover businesses in most of the economy, including the agriculture, production, service and public sectors in Northern Ireland. However they do not include very small businesses that fall below the VAT and PAYE thresholds. Latest figures published by the Department for Business, Innovation and Skills (BIS), which include an estimate of the number of unregistered businesses in the private¹ sector, indicate that at the start of 2014 the number of unregistered businesses in Northern Ireland was 55,655 (49,970 in 2013). Further information on the characteristics of these businesses can be found on the BIS website via the following link:

<https://www.gov.uk/government/publications/business-population-estimates-2014>

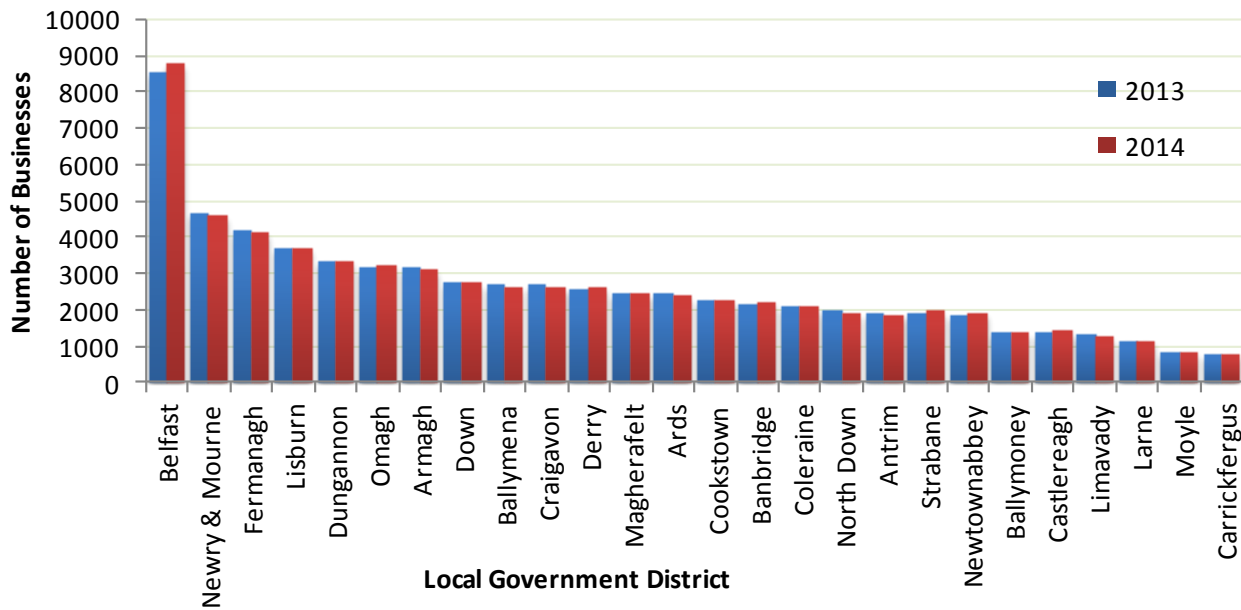
Figure 1 - Number and annual percentage change of VAT and/or PAYE Registered Businesses Operating in Northern Ireland



Source: Inter Departmental Business Register (IDBR), March 2008-2014

¹ In this publication the private sector includes a small number of public corporations and nationalised bodies. This is different from the definition used in the remainder of this publication. However, this figure still provides a good indication of the number of unregistered businesses.

Figure 2 - Number of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District - 2013-14

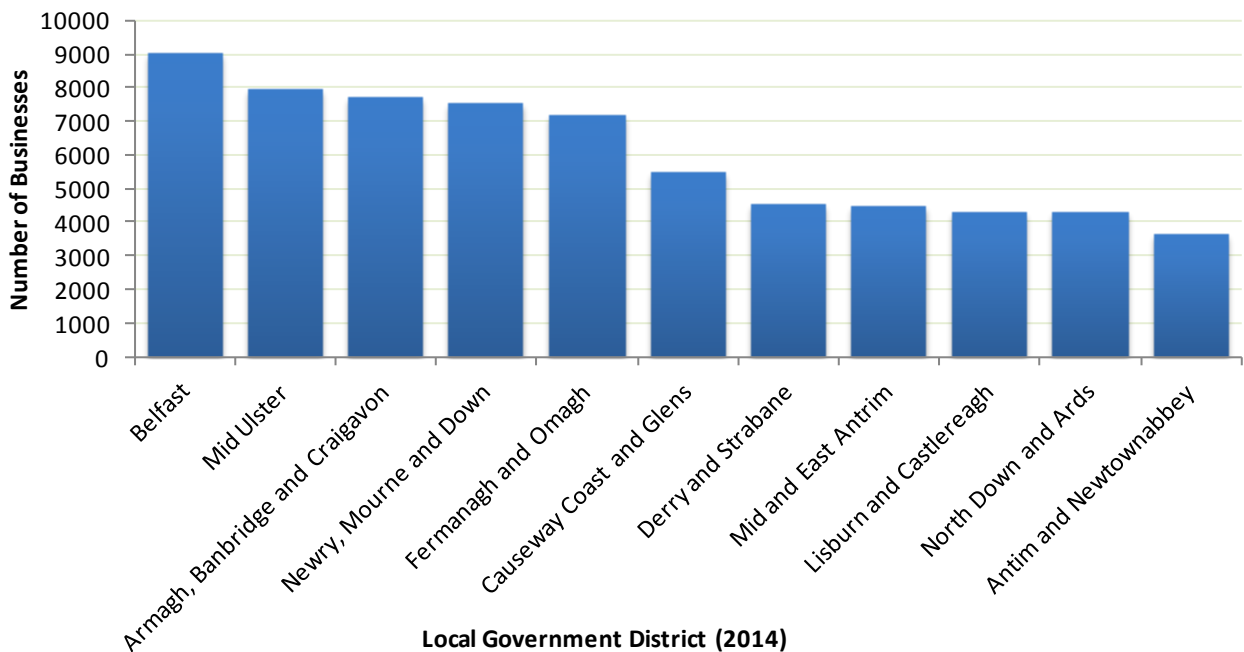


Source: Inter Departmental Business Register (IDBR), March 2013-2014

Figure 2 illustrates that Belfast District Council accounts for the largest number of businesses (12.9% of VAT and/or PAYE registered businesses) operating in Northern Ireland.

Outside of Belfast, Newry and Mourne continued to account for the largest number of businesses, representing 6.8% of VAT and/or PAYE registered businesses operating in Northern Ireland, whereas Carrickfergus continued to account for the smallest number of businesses (1.1%).

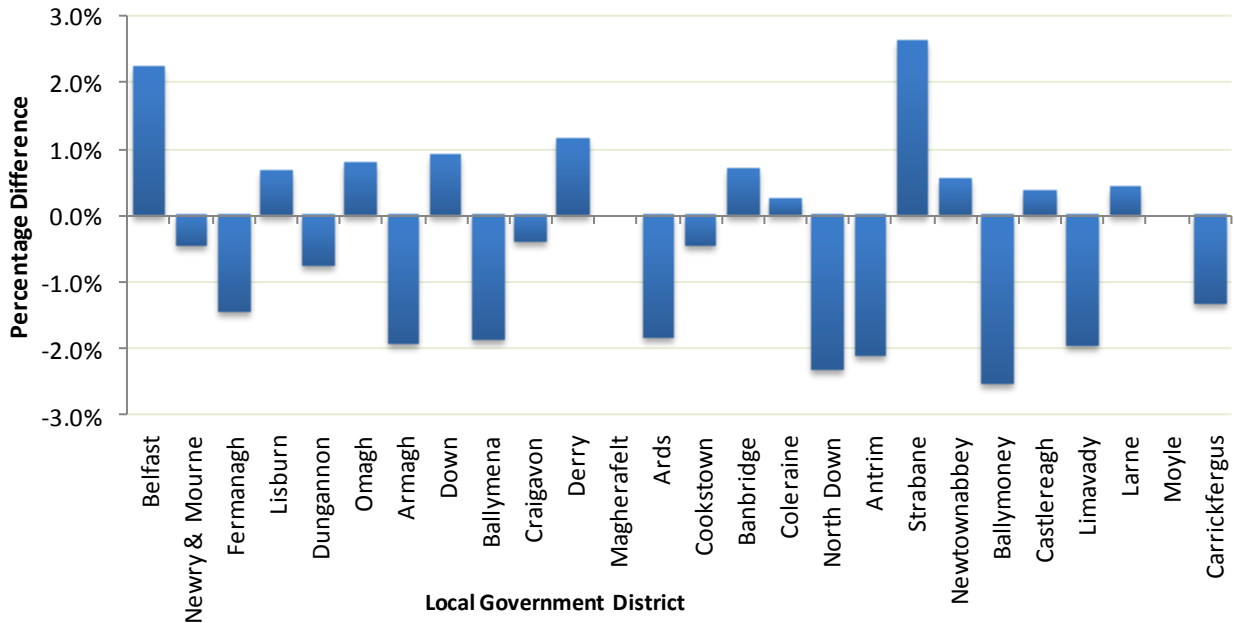
Figure 3 - Number of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District (2014)



Source: Inter Departmental Business Register (IDBR), March 2014

In relation to the new District Councils (due to be fully implemented by April 2015), figure 3 illustrates that Belfast accounts for the highest number of businesses registered for VAT and/or PAYE operating in Northern Ireland (representing 13.3% of the total). Outside of Belfast, Mid Ulster accounts for the highest number of businesses operating in Northern Ireland that are registered for VAT and/or PAYE, representing 11.7% of the total. Antrim and Newtownabbey have the lowest number of businesses (5.4% of the total).

Figure 4 - Percentage Difference in VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District - 2013-14



Source: Inter Departmental Business Register (IDBR), March 2013-2014

Belfast and Strabane both saw increases of more than 2% in the number of businesses, where Strabane saw the largest year on year percentage increase in 2014 (2.63%). Lisburn, Omagh, Down, Derry, Banbridge, Coleraine, Newtownabbey, Castlereagh and Larne also saw small increases (less than 1%) in the number of businesses.

Ballymoney saw the largest year on year percentage reduction in 2014 (-2.54%), followed by North Down (-2.33%) and Antrim (-2.11%). Fermanagh, Armagh, Ballymena, Ards and Limavady saw year on year percentage reductions in excess of 1%.

The information contained within this section is taken from the **VAT and PAYE tables** specifically tables **1.19 and 1.19a**.

Figure 1 data has been taken from **Table 1.19**,
Figure 2 data has been taken from **Table 1.19**,
Figure 3 data has been taken from **Table 1.19a**,
Figure 4 data has been taken from **Table 1.19**,

Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

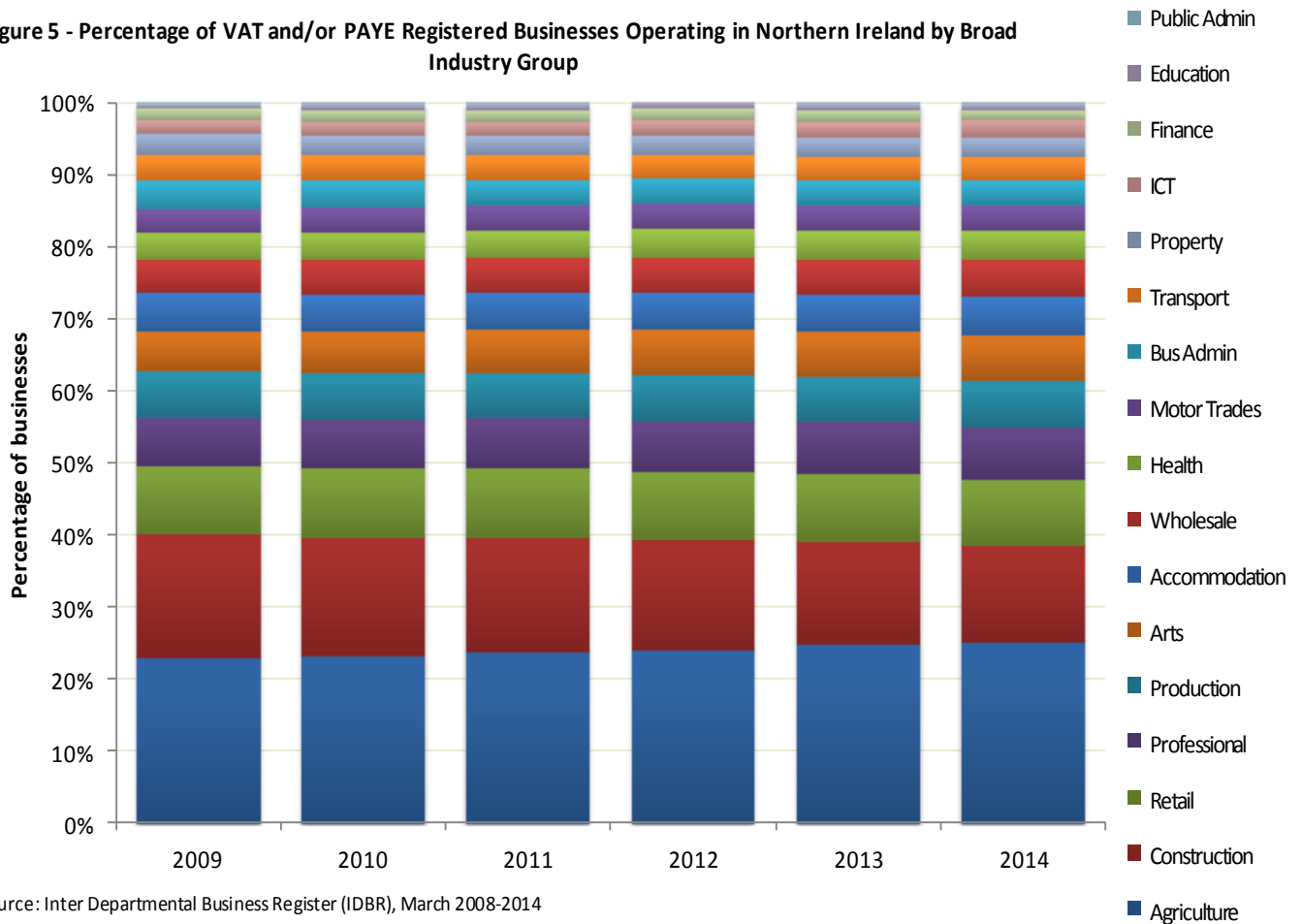
3.2

Businesses by Broad Industry Group

This section uses Broad Industry Group classifications defined under UK SIC 2007. For further details regarding the UK SIC07 classifications including a definition of Broad Industry Groups used within this bulletin, refer to the definitions contained within section 8 of this publication.

In 2014, Agriculture, forestry and fishing was the largest single industry group in Northern Ireland accounting for 25.0% of businesses operating in Northern Ireland that are registered for VAT and/or PAYE. Followed by the Construction sector and the Retail sector which account for 13.5% and 9.2% of businesses respectively.

Figure 5 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Broad Industry Group



Source: Inter Departmental Business Register (IDBR), March 2008-2014

The composition of businesses operating in Northern Ireland has remained relatively unchanged since 2009 with almost half (48%) of all businesses falling into the three largest industry groups; Agriculture (25.0%), Construction (13.5%) and Retail (9.2%).

Data for Broad Industry Group is only available on the IDBR (at an appropriate level of quality) from 2009 onwards. In this time (March 2009- March 2014) the overall change in the number of businesses operating in Northern Ireland has decreased by 5.4% (3,880) since 2009. However, this overall decline is not consistent across all industry sectors.

Table 1 - Number of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Broad Industry Group, March 2009 and 2014

Number of Businesses Operating in Northern Ireland	March 2009	March 2014	Change	% Change
All Industries	71,590	67,710	-3,880	-5.4%
Agriculture, forestry & fishing	16,365	16,955	590	3.6%
Production	4,615	4,310	-305	-6.6%
Construction	12,270	9,170	-3,100	-25.3%
Motor trades	2,365	2,355	-10	-0.4%
Wholesale	3,405	3,295	-110	-3.2%
Retail	6,820	6,205	-615	-9.0%
Transport & storage (inc. postal)	2,550	2,190	-360	-14.1%
Accommodation & food services	3,710	3,635	-75	-2.0%
Information & communication	1,330	1,525	195	14.7%
Finance & insurance	1,105	1,040	-65	-5.9%
Property	2,050	1,935	-115	-5.6%
Professional, scientific & technical	4,870	5,040	170	3.5%
Business administration and support services	2,890	2,325	-565	-19.6%
Public administration and defence ¹	70	55	-15	-21.4%
Education	520	575	55	10.6%
Health	2,630	2,835	205	7.8%
Arts, entertainment, recreation and other services	4,015	4,255	240	6.0%

¹The decrease in the number of enterprises (or businesses) within the Public administration and defence broad industry group was due to a change in the way the Northern Ireland Civil Service (NICS) was structured on the IDBR. In 2010, the separate enterprises for the Northern Ireland government departments were combined into a single enterprise for the NICS.

Between March 2009 and March 2014, 11 of the 17 Broad Industry Groups experienced an absolute decline in the number of businesses operating in Northern Ireland within the group. The Construction sector has experienced the largest decline over the five year period both in terms of absolute numbers of businesses (-3,100) and percentage decline (25.3%).

Large percentage decreases were also seen in Business Administration and Support Services (19.6% or 565 businesses) and Transport & storage (14.1% or 360 businesses). The number of Retail businesses continued to decline, with a percentage decrease since 2009 of 9% (or 615 businesses). This decrease is similar to that seen for Production businesses (6.6%), Finance and Insurance businesses (5.9%) and the Property industry (5.6%).

The number of businesses operating in the Information & communication industry has experienced the largest proportional increase since 2009 (14.7%) and now accounts for 2.3% of all businesses operating in Northern Ireland, up from 1.9% in 2009.

The information contained within this section is taken from the **VAT and PAYE tables** specifically tables **1.10, 1.11, 1.20**.

Figure 5 data has been taken from **Table 1.10**, **Table 1** data has been taken from **Table 1.10**.

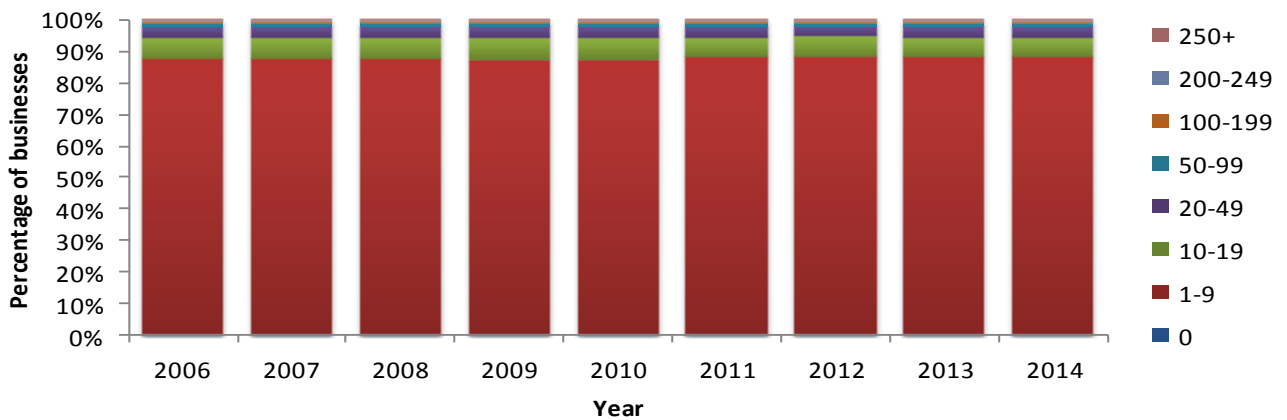
Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

3.3

Businesses by Size (Employment)

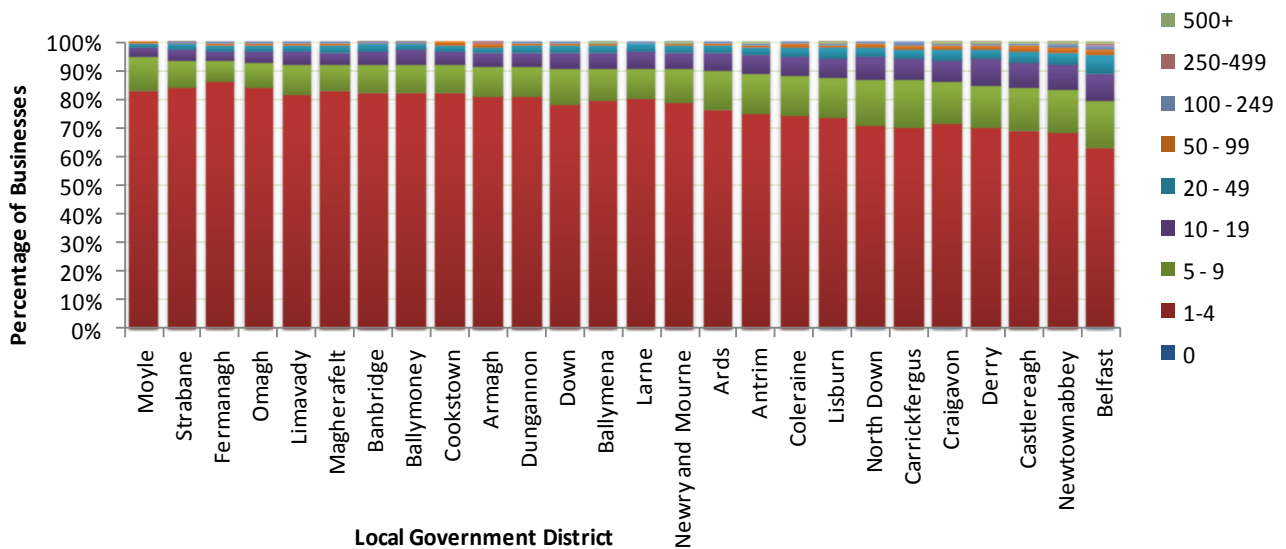
Figures from the IDBR show that Northern Ireland is a small business economy. Almost 90 per cent of VAT and/or PAYE registered businesses operating in Northern Ireland have total employment of less than five. These employment figures for a business include both working proprietors and employees.

Figure 6 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Employment Size Band



Businesses with total employment of less than 10 accounted for 88% of all VAT and/or PAYE registered businesses operating in Northern Ireland. Businesses with total employment less than 50 accounted for approximately 98.8%; of the remaining businesses, 0.6% accounted for businesses with 50-249 total employment and 0.4% accounted for businesses with total employment of more than 250.

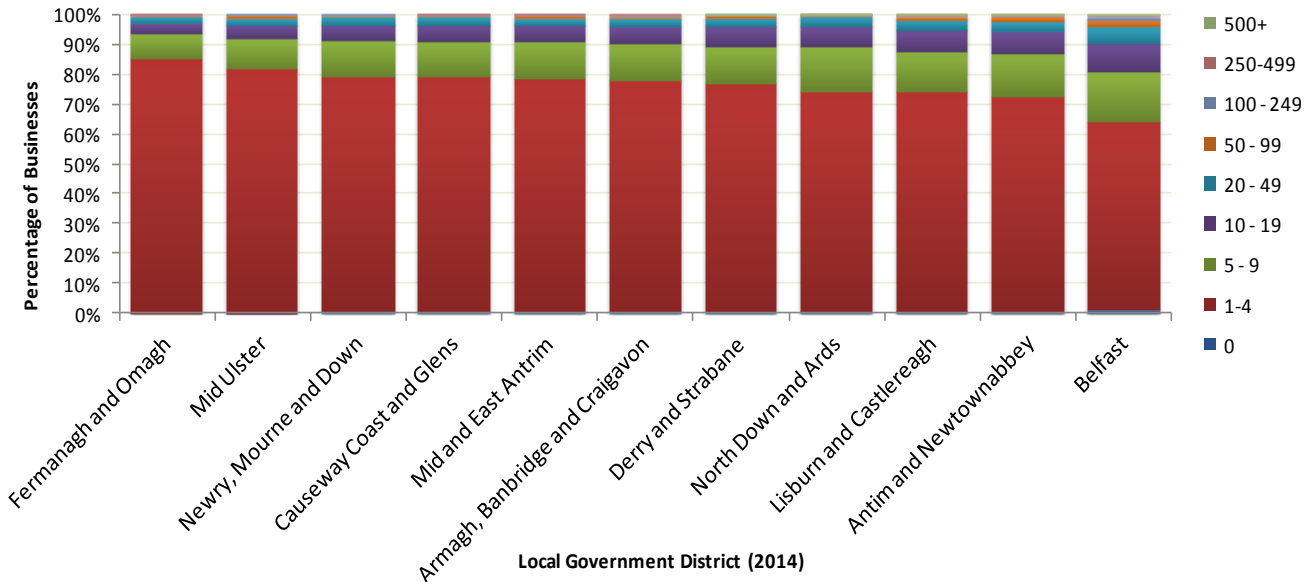
Figure 7 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District and Employment Size Band



Source: Inter Departmental Business Register (IDBR), March 2014

This pattern is broadly applicable to each District Council as well, although a higher proportion of businesses in Belfast (37.1%), Newtownabbey (31.9%) and Castlereagh (30.5) have employment greater than four, compared to the Northern Ireland average of approximately 24%.

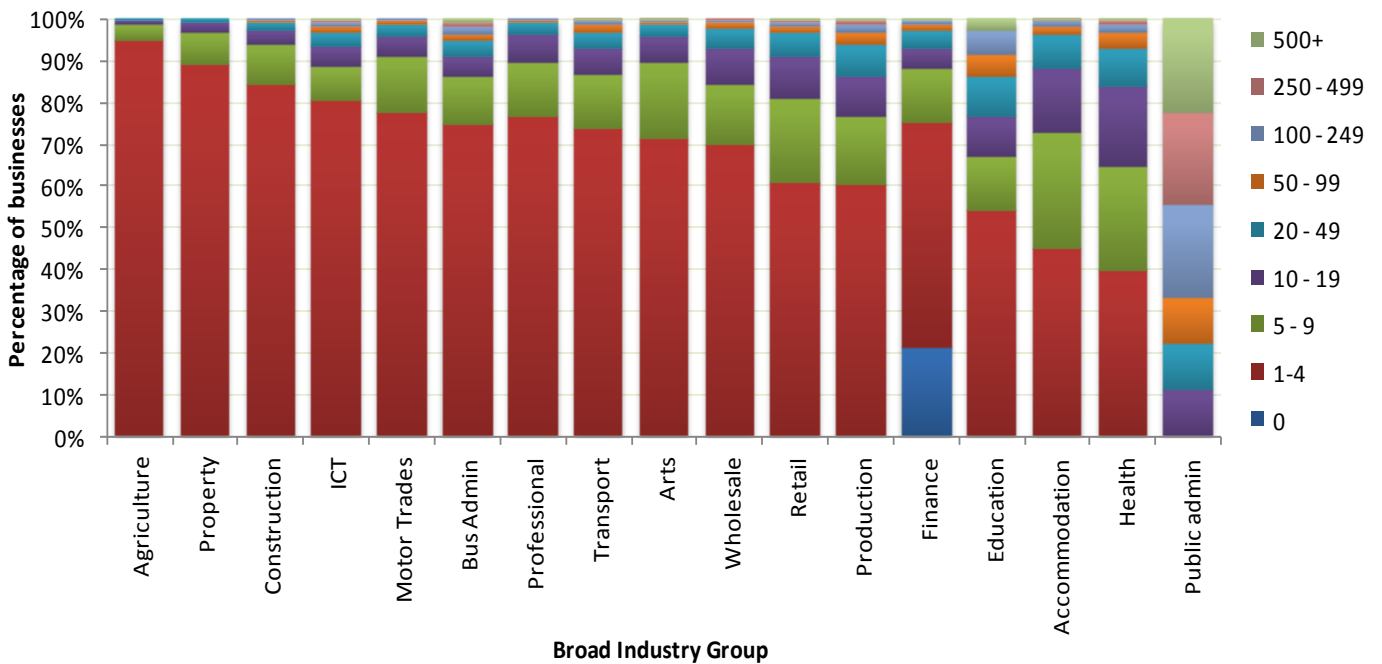
Figure 8 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District (2014) and Employment Size Band



Source: Inter Departmental Business Register (IDBR), March 2014

Figure 8 indicates this pattern remains broadly applicable to each of the new district councils, with only Belfast having a relatively higher proportion of businesses with employment greater than four (36%).

Figure 9 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Broad Industry Group by Employment Size band



Source: Inter Departmental Business Register (IDBR), March 2014

A breakdown of businesses by industry shows Agriculture, forestry and fishing has the highest proportion of businesses with (NI) employment of less than 10, with around 99% (almost 17,000) of VAT and/or PAYE registered businesses operating in Northern Ireland, in this sector, having less than 10 employment. Property and Construction industries follow with approximately 97% (over 1,800 businesses) and 94% (over 9,000 businesses) respectively. The Public Administration and Defence sector differs from the Northern Ireland average in that almost all businesses within this sector have total employment of 10 or more.

The information contained within this section is taken from the **VAT and PAYE tables** specifically tables **1.13, 1.14, 1.22, 1.22a**.

Figure 6 data has been taken from **Table 1.13**

Figure 7 data has been taken from **Table 1.22,**

Figure 8 data has been taken from **Table 1.22a,**

Figure 9 data has been taken from **Table 1.14.**

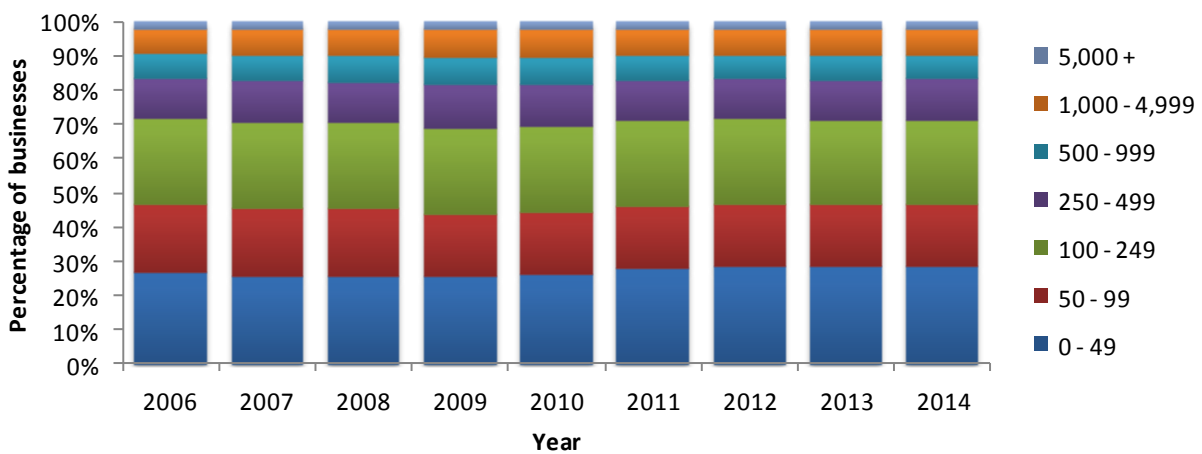
Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

3.4

Businesses by Size (Turnover)

Figures from the IDBR show that around 47% of VAT and/or PAYE registered businesses operating in Northern Ireland have turnover of less than £100,000 while less than 10% have a turnover that exceeds £1 million.

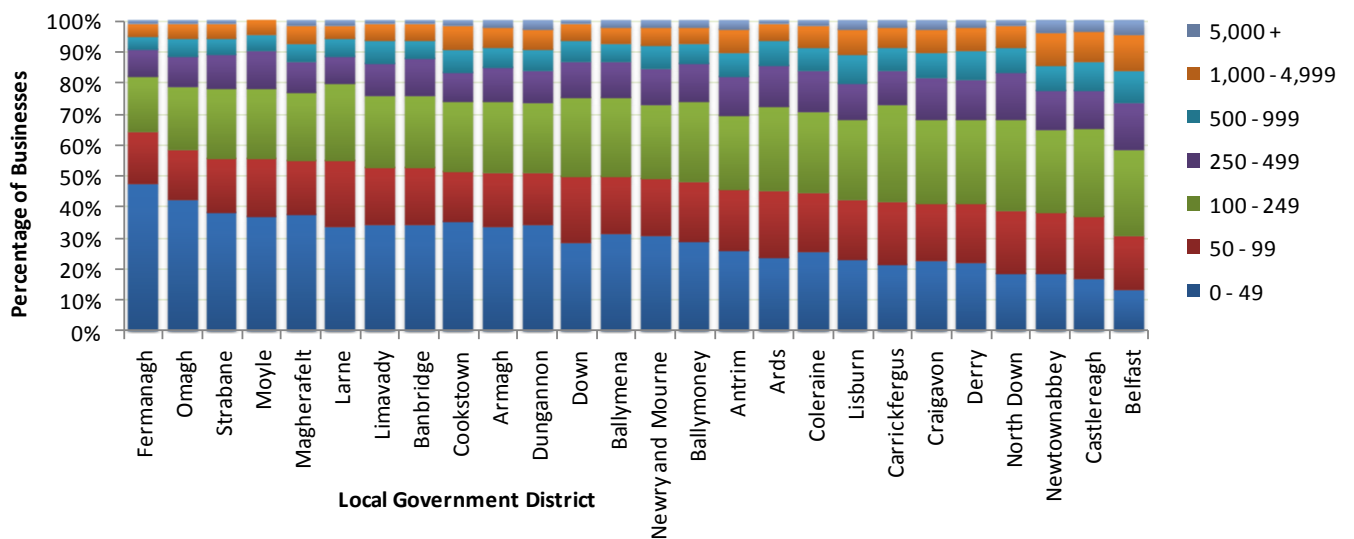
Figure 10 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Turnover Size Band



Source: Inter Departmental Business Register (IDBR) 2008-2014

Figure 10 illustrates that Northern Ireland economy is made up of small businesses with 28.3% of the businesses operating in Northern Ireland that are registered for VAT and/or PAYE have total turnover across all their sites of less than £50,000 and almost half (approximately 47%) businesses reporting a turnover of less than £100,000.

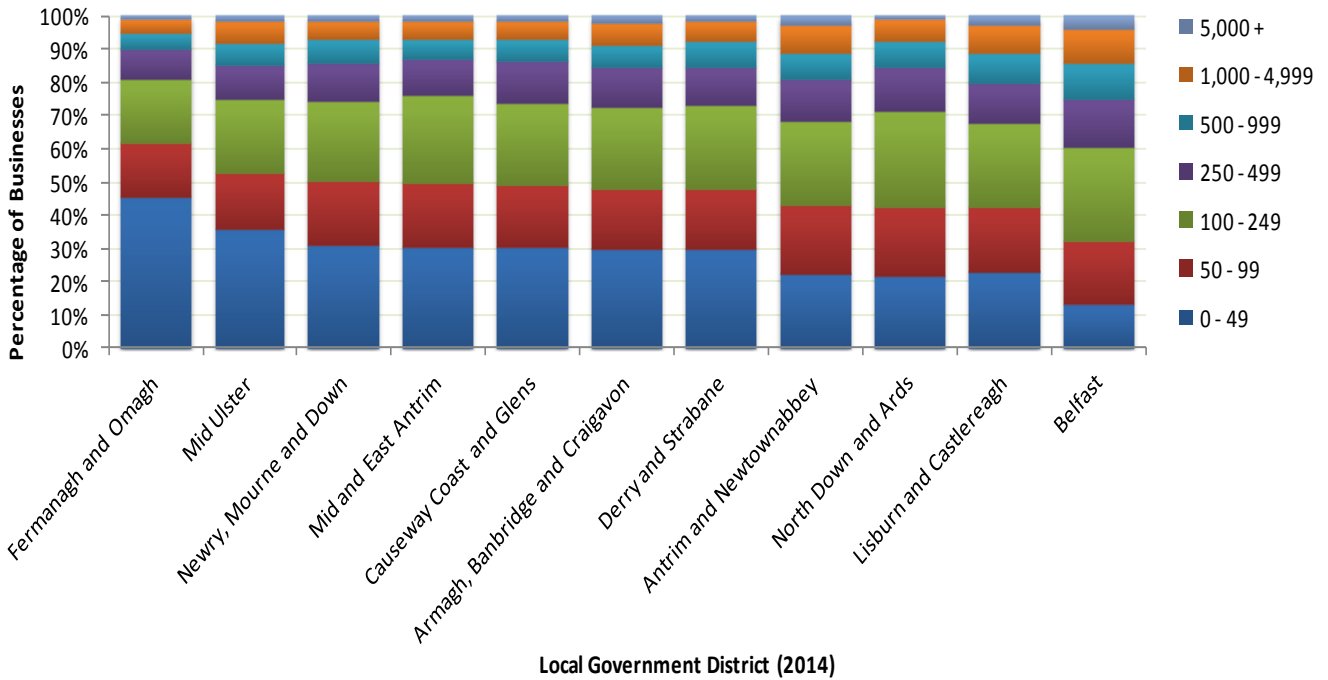
Figure 11 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District and Turnover Size Band



Source: Inter Departmental Business Register (IDBR), March 2014

Belfast District Council has a smaller proportion of VAT and/or PAYE registered businesses operating in Northern Ireland that have a turnover of less than £100,000 compared to the Northern Ireland average, with approximately 31% businesses in this category. Fermanagh has the highest proportion of businesses with a turnover of less than £100,000(64%), followed by Omagh (58%).

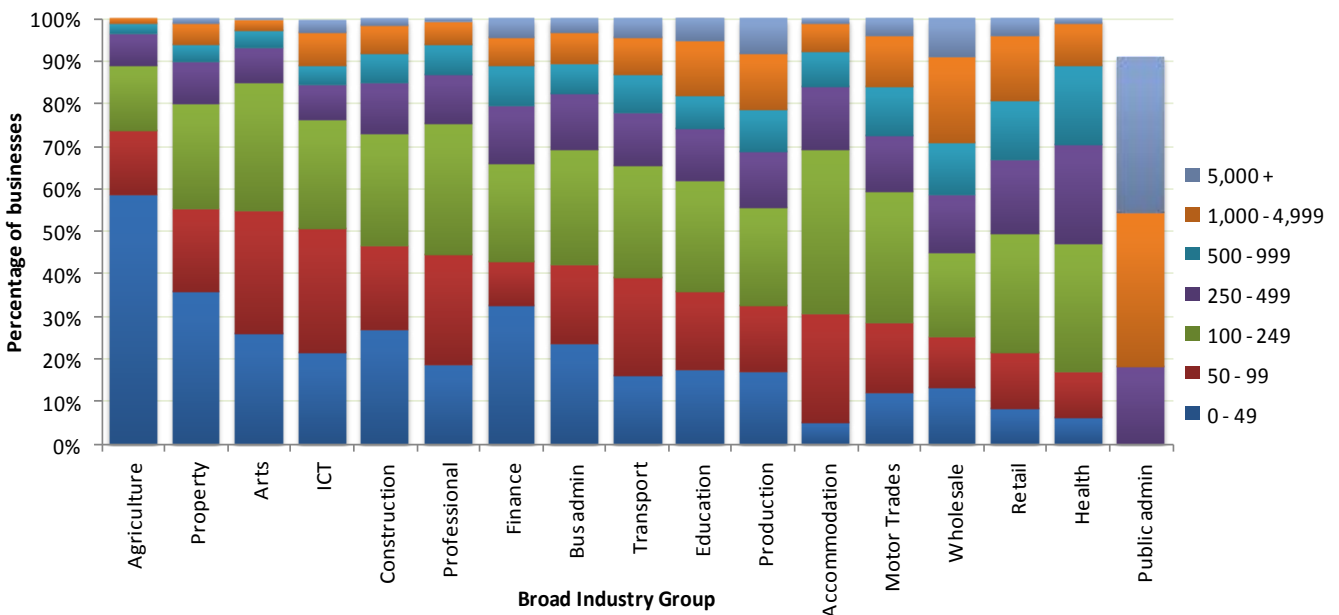
Figure 12 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Local Government District (2014) and Turnover Size Band



Source: Inter Departmental Business Register (IDBR), March 2014

Figure 12 indicates that this pattern remains broadly similar as the new Belfast District Council continues to have a smaller proportion of businesses that have a turnover of less than £100,000 (approximately 32%). The new combined Fermanagh and Omagh District Council has the highest proportion of VAT and/or PAYE registered businesses operating in Northern Ireland that have a turnover of less than £100,000 (approximately 62%), followed by Mid Ulster (approximately 52.6%).

Figure 13 - Percentage of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Broad Industry Group by Turnover Size band



Source: Inter Departmental Business Register (IDBR), March 2014

A breakdown of businesses by industry shows Agriculture, forestry and fishing has the highest proportion of businesses with (NI) turnover of less than £100,000, with around 74% of VAT and/or PAYE registered businesses operating in Northern Ireland, in this sector, having less than £100,000 turnover per annum. The Property and Information and Communication industries follow with approximately 55.3% and 50.5% respectively.

The information contained within this section is taken from the **VAT and PAYE tables** specifically tables **1.12, 1.21**.

Figure 10 data has been taken from **Table 1.12**.

Figure 11 data has been taken from **Table 1.21**.

Figure 12 data has been taken from **Table 1.21a**.

Figure 13 data has been taken from **Table 1.12**.

Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

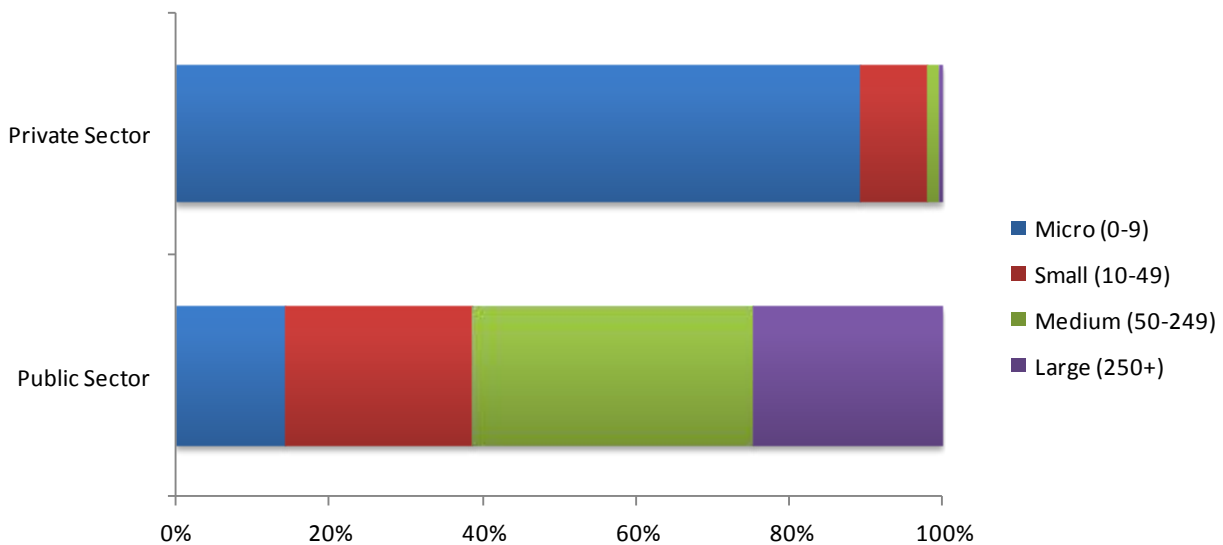
3.5

Businesses by Legal Structure

All VAT and PAYE registered businesses on the IDBR can be grouped into either Public or Private sector. The Private sector is a combination of registered businesses whose legal status falls under the category of “Company (incl. Building society), Limited Liability Partnerships and Joint Ventures”, “Sole Proprietor”, “Partnership and Limited Partnership” and “Non-profit body or mutual association” while the public sector is comprised of those registered as “Public Corporation/nationalised body”, “Central Government” or “Local Authority”.

The private sector accounted for the majority (99.7% or 67,465 businesses) of all businesses operating in Northern Ireland; they in turn were dominated by micro businesses (less than 10 employees). Micro businesses accounted for 89.4% (60,300 businesses) of the private sector.

Figure 14 – Percentage of public/private sector VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Employee Size Band

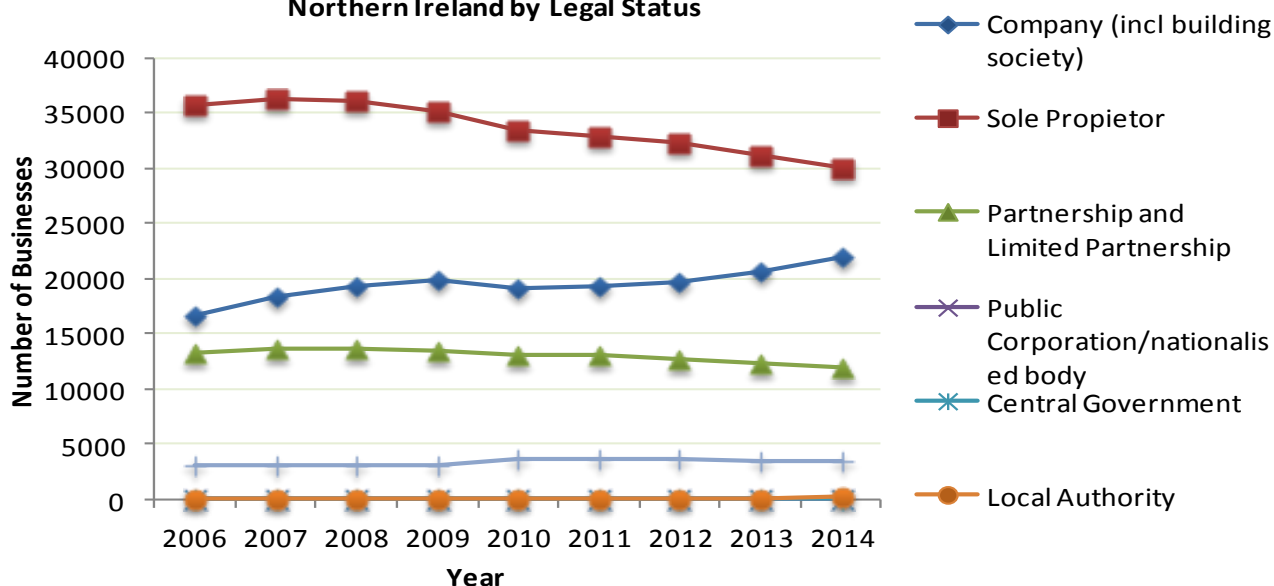


Source: Inter Departmental Business Register (IDBR), March 2014

In contrast, the public sector businesses operating in Northern Ireland tend to be larger than those in the private sector with only 14.3% of public sector businesses classified as micro businesses. Instead, 36.7% (90 businesses) and 24.5% (60 businesses) of businesses are classified as medium (50-249 employees) and large (250+ employees) businesses, respectively.

As a result, although the public sector accounts for only 0.3% (245) of the total number of businesses operating in Northern Ireland, it accounts for a much larger proportion of jobs. Estimates from the March 2014 Quarterly Employment Survey indicate that public sector businesses account for almost a third (30.6%) of employee jobs in Northern Ireland.

Figure 15 - Number of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by Legal Status



Source: Inter Departmental Business Register (IDBR), March 2014

The majority of businesses in Northern Ireland, in March 2014, were registered as Sole Proprietors (44.4% or 30,080) or Companies (32.4% or 21,940). Figure 15 illustrates the gradual increase in incorporation and the decline in sole proprietors and partnerships in recent years.

The number of Sole proprietors has decreased 1,035 since March 2013 (5,645 since 2006) while the number of Companies (incl. building society, Limited Liability Partnerships and Joint Ventures) has increased by 1,395 since March 2013 (5,285 since 2006)

Non-profit making organisations account for 5.1% of the Northern Ireland total. Numbers have been in a steady decline since 2010 following a 22.9% growth in the number of non-profit bodies from 2009 to 2010.

Elements making up the Public sector (Public Corporation, Central Government, and Local Authority) remain virtually unchanged.

The information contained within this section is taken from the **VAT and PAYE tables** specifically tables **1.15, 1.17, 1.18**.

Figure 14 data has been taken from **Table 1.15**,
Figure 15 data has been taken from **Table 1.17**.

Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

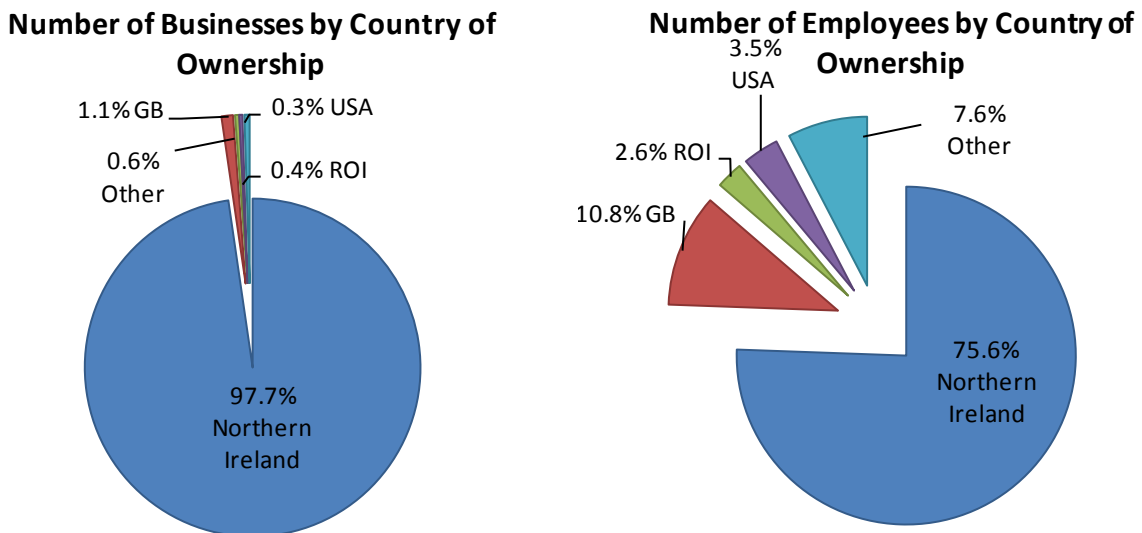
4

Foreign Ownership

The market information company Dun and Bradstreet, annually supply the Office for National Statistics (ONS) with information on foreign owned businesses operating in the United Kingdom. This information is then loaded onto the IDBR. It should be noted that this is not an exhaustive list of foreign owned businesses in Northern Ireland, only those for which we have received information from the above sources.

Information on the status of foreign owned businesses is continually updated on the Inter Departmental Business Register (IDBR) and, as a result, variability in figures may reflect the availability of more up-to-date information rather than a change of ownership.

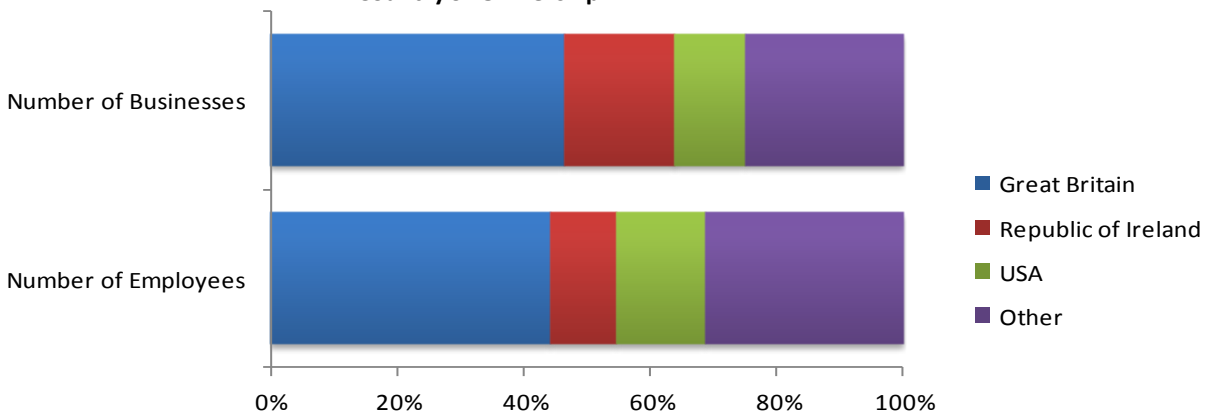
Figure 16 - Businesses Operating in Northern Ireland and Number of Employees by Country of Ownership



Source: Inter Departmental Business Register (IDBR), March 2014

Of the 67,710 businesses operating in Northern Ireland, at March 2014, 2.3% (1,580) were non-NI owned. This small number of businesses accounted for around 24.5% of Northern Ireland employees.

Figure 17 - Non-NI Owned Businesses Operating in Northern Ireland and Employees by Country of Ownership



Source: Inter Departmental Business Register (IDBR), March 2014

Figure 17 illustrates that of these non-NI owned businesses, Great Britain accounts for 46.5% (735) of these businesses. Republic of Ireland owned businesses make up a further 17.4% (275), while the USA accounts for 11.1% of these businesses. In relation to the number of employees in non-NI owned business, broadly similar proportions can be seen.

Furthermore, at 24 March 2014, there were approximately 840 foreign (non-UK) owned businesses operating in Northern Ireland employing 94,455 people and representing over 40 different countries.

Amongst the foreign (non-UK) owned businesses operating in Northern Ireland, the Production Industry held the largest proportion of employees (29,595 or 31.3%) followed by Retail (17,505 or 18.5%).

The information contained within this section is taken from the **Foreign Ownership tables** specifically tables **3.1 and 3.2**.

Figure 16 data has been taken from **Table 3.1 and 3.2**,

Figure 17 data has been taken from **Table 3.1 and 3.2**.

Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

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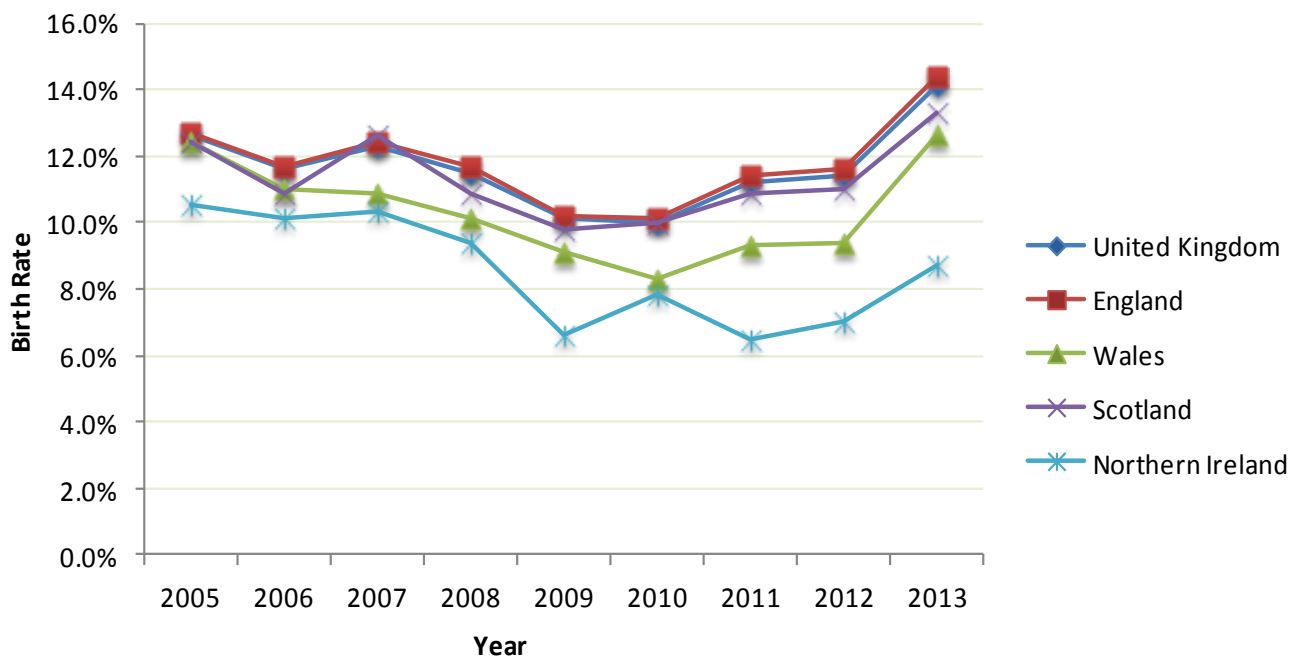
Births, Deaths and Survival

The Office for National Statistics (ONS) has responsibility for the publication of official business births, deaths and survival rates. In these figures the standard Enterprise definition is used; businesses are only included in the Northern Ireland figures if their main (or registered) UK address is also in Northern Ireland.

In the 2013 calendar year, a total of 4,855 enterprises were born in Northern Ireland (3,935 in 2012). In the same year, there were 5,120 deaths of enterprises (5,190 in 2012).

Business Births

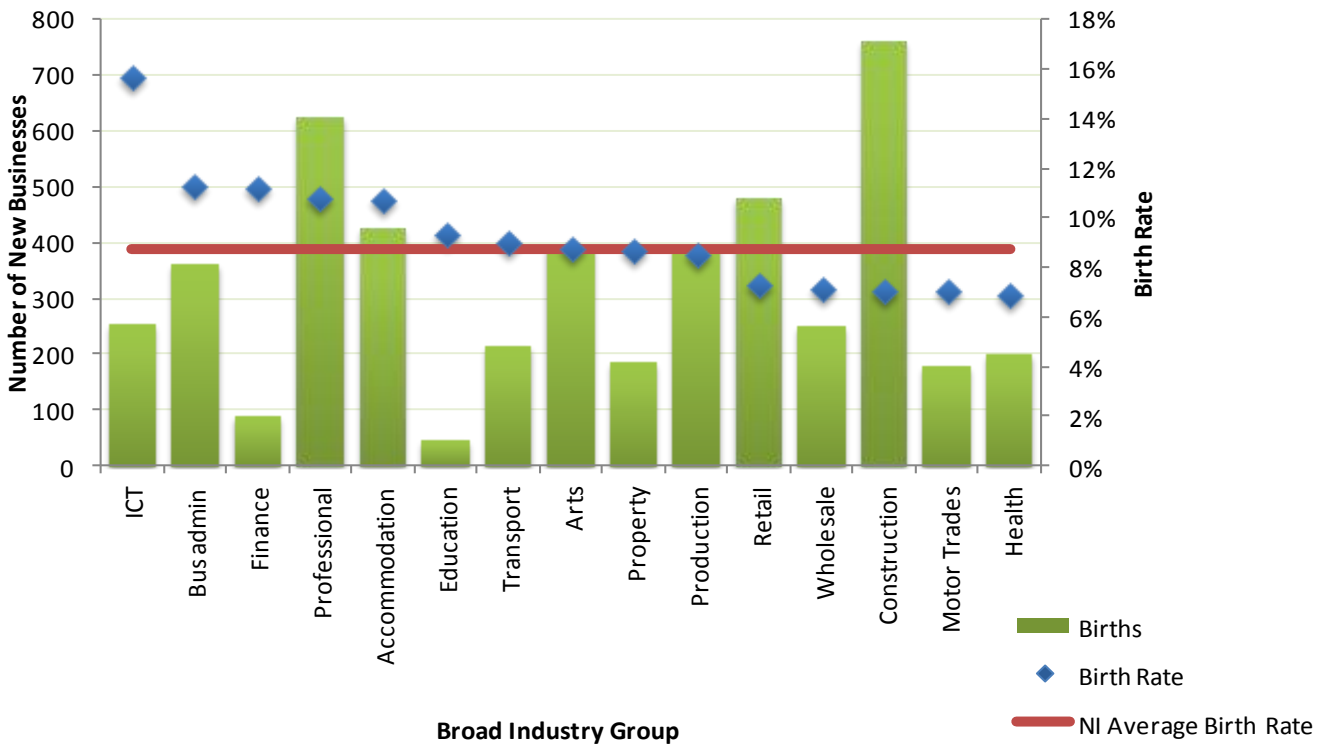
Figure 18 - Birth Rate of Businesses Registered for VAT and/or PAYE by UK Region



Office for National Statistics (ONS), Business demography 2013

The birth rate for businesses in Northern Ireland in 2013, as a proportion of active enterprises, was 8.7% (7.0% in 2012). This was the lowest of the UK regions. The overall birth rate for the UK in 2013 was 14.1% (11.4% in 2012).

Figure 19 - Births and Birth Rate of Northern Ireland Businesses Registered for VAT and/or PAYE by Broad Industry Group



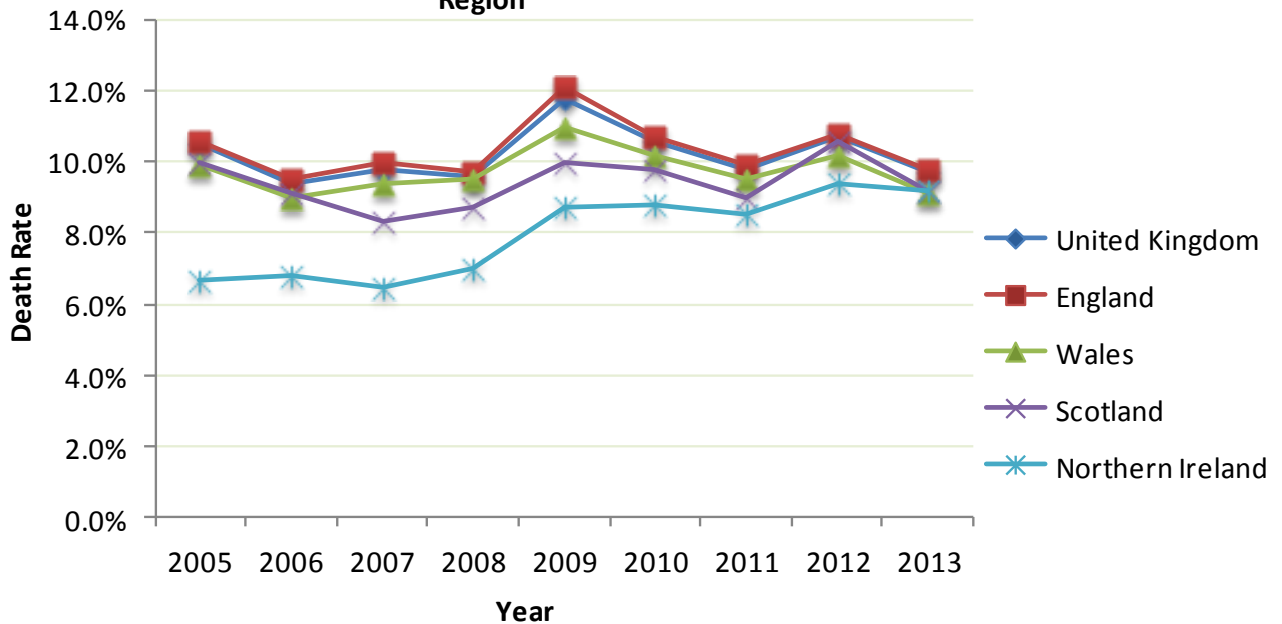
Office for National Statistics (ONS), Business demography 2013

Information and Communication (ICT) experienced the highest rate of business births of the broad industry groups, with 15.6%. This was followed by Business Administration and Support with 11.3% and Finance & Insurance with a birth rate of 11.2%

In terms of the overall number of births, the Construction sector created the highest number of businesses at 760 followed by Professional, Scientific & Technical at 625.

Business Deaths

Figure 20 - Death Rate of Businesses Registered for VAT and/or PAYE by UK Region

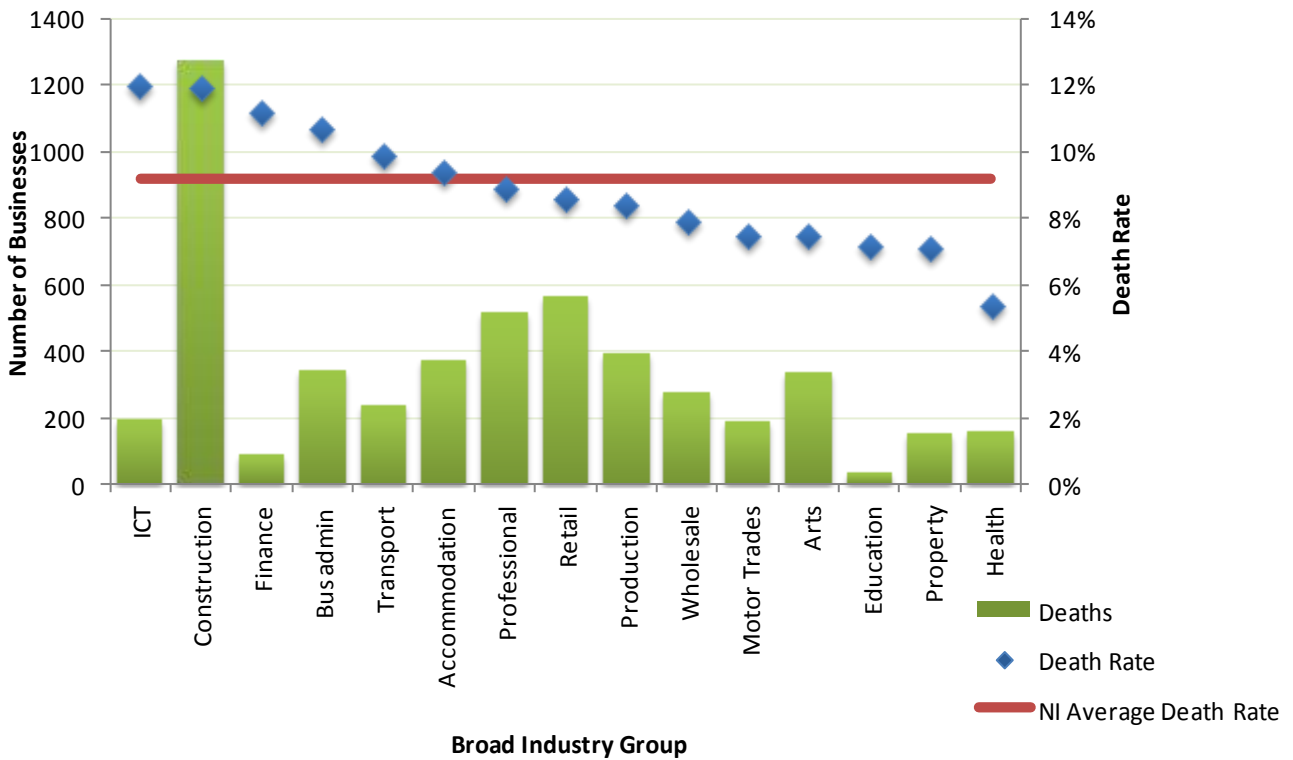


Office for National Statistics (ONS), Business demography 2013

The Northern Ireland death rate was 9.2% in 2013. This was the same as Scotland's death rate. For comparison, in Wales the death rate was 9.1%, while in England it was 9.8% (9.7% for the UK). The Northern Ireland death rate was the second lowest of the UK regions.

Overall, however, while the move towards economic recovery has seen birth rates being higher than death rates for the UK as a whole in 2013, Northern Ireland continues to see the opposite with 265 more deaths than births. In comparison, Northern Ireland in 2012 had 1,380 more deaths than births. England, Scotland and Wales all recorded more births than deaths in 2013.

Figure 21 -Deaths and Death Rate of Northern Ireland Businesses Registered for VAT and/or PAYE by Broad Industry Group



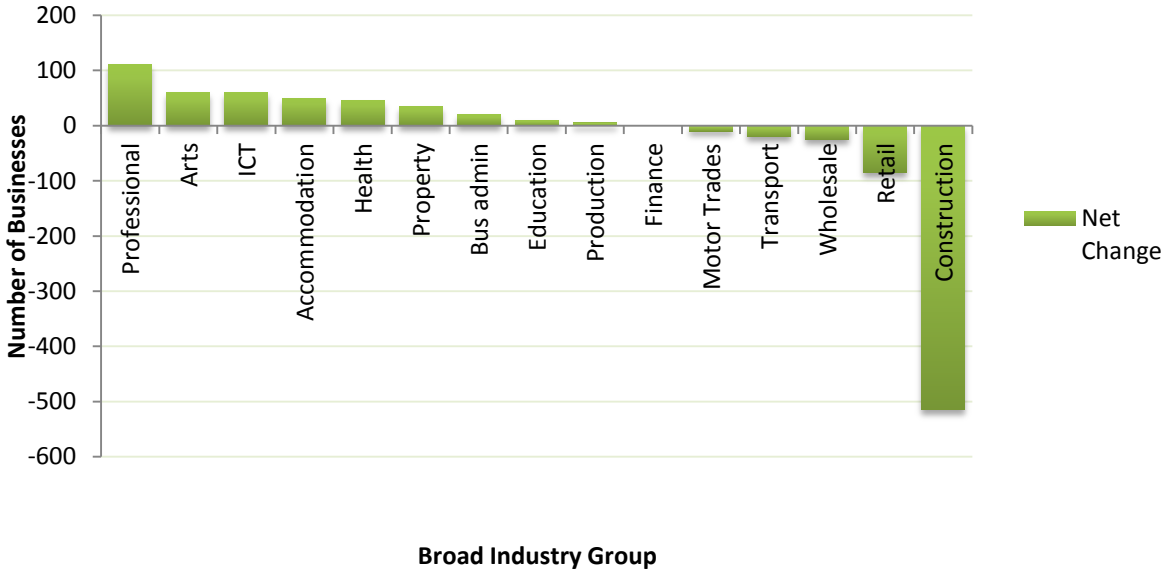
Office for National Statistics (ONS), Business demography 2013

The highest business death rate, at 12.0%, was also in the Information and Communication sector (ICT). This was followed by Construction at 11.9% and Finance and Insurance at 11.2%. In terms of the overall number of business deaths, Construction had the highest at 1,275 followed by Retail at 565 and Professional, Scientific & Technical at 515.

Net Position – Comparison of Births and Deaths

Figure 22 offers a comparison of business births and deaths by Broad Industry Group in Northern Ireland. In Northern Ireland the net change was a loss of 265 businesses (4,855 births and 5,120 deaths).

Figure 22 -Net Business Births / Deaths of Northern Ireland Businesses Registered for VAT and/or PAYE by Broad Industry Group



Office for National Statistics (ONS), Business demography 2013

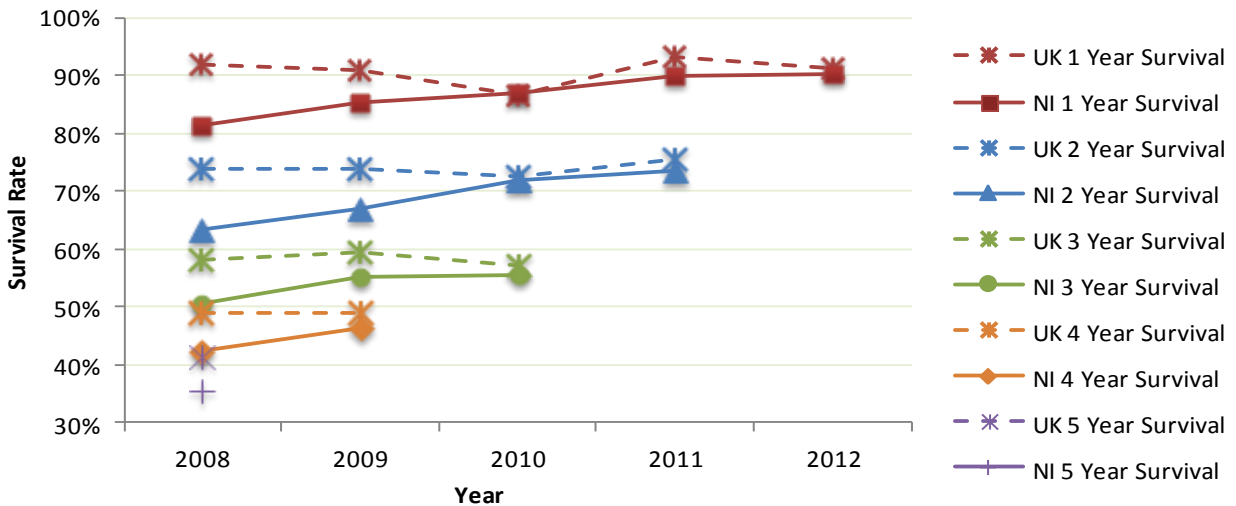
Business Survival Rates

Northern Ireland has the lowest survival rate of the UK regions until the fifth year of survival. This is illustrated in Figure 23 where the survival rate for Northern Ireland businesses is compared to the UK as a whole. The UK five-year survival rate for businesses born in 2008 and still active in 2013 was 41.3%. Northern Ireland’s five-year business survival for businesses born in 2008 was 35.5%.

Larne had the highest one-year business survival rate (100.0%), followed by Omagh (96.3%) and Banbridge (95.2%) while Moyle District Council continued to have the lowest one-year survival rate (80.0%).

In contrast to last year, in Northern Ireland no district council had a 5-year survival rate of over 50% (6 councils in 2012). Larne (47.1%), Coleraine (44.8%) and Cookstown (44.4%) had the highest 5-year survival rates, while Belfast (28.8%) and Castlereagh (27.3%) had the lowest.

Figure 23 - Survival Rate of Businesses Registered for VAT and/or PAYE - Northern Ireland and UK



Office for National Statistics (ONS), Business demography 2013

The information contained within this section is taken from the **Business Demography tables**.

Figure 18 data has been taken from **Table 2.1**,
Figure 19 data has been taken from **Table 2.3**,
Figure 20 data has been taken from **Table 2.4**,
Figure 21 data has been taken from **Table 2.6**,
Figure 22 data has been taken from **Tables 2.3 and 2.6**,
Figure 23 data has been taken from **Table 2.7**.

Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

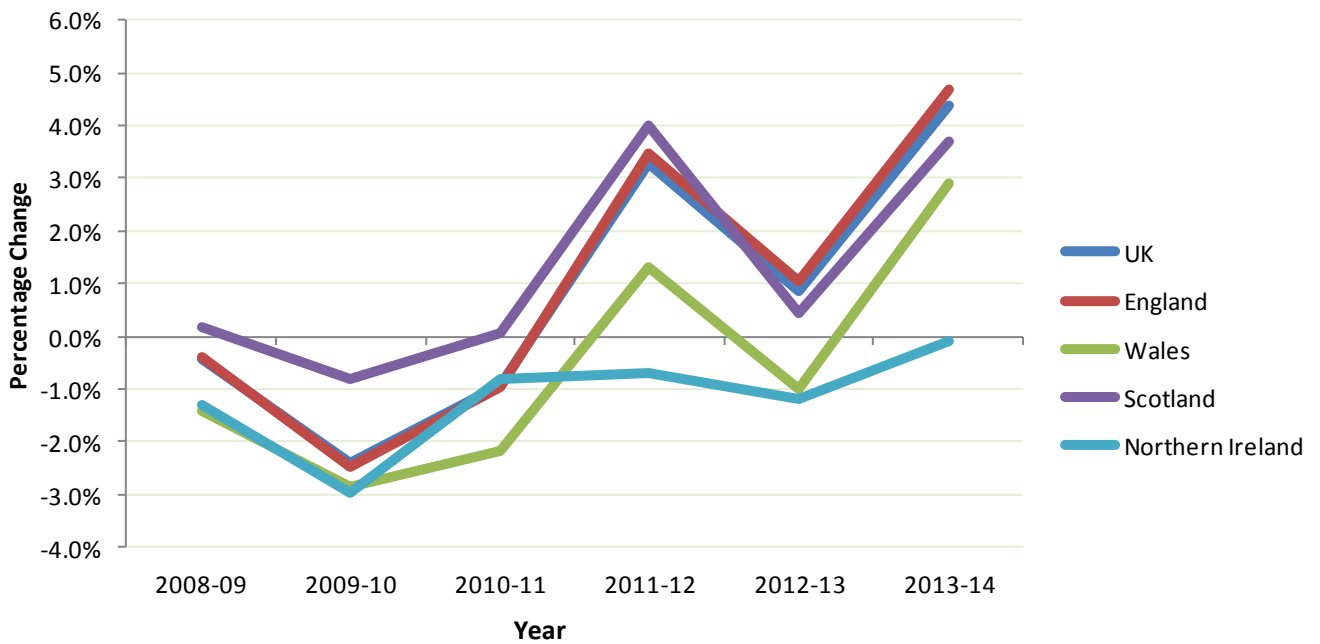
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Comparison with the UK

The figures quoted in this section are based on the enterprise definition of a business which assigns each business or enterprise to a single location within the UK. The geographical location of an Enterprise is based on its registered (or main) address within the UK. This is the standard EU definition used by the Office of National Statistics for UK-wide comparisons.

In March 2014 there were 66,650 businesses registered for VAT and/or PAYE with a main (or registered) address in Northern Ireland compared with 66,685 in March 2013, a fall of around 0.1%. In the UK there were 2.26 million businesses registered for VAT and/or PAYE, compared with 2.17 million in March 2013, a rise of around 96,000 (4.4%).

Figure 24 - Annual percentage change of VAT and/or PAYE Registered Businesses by UK Region



Source: Inter Departmental Business Register (IDBR), March 2008-2014

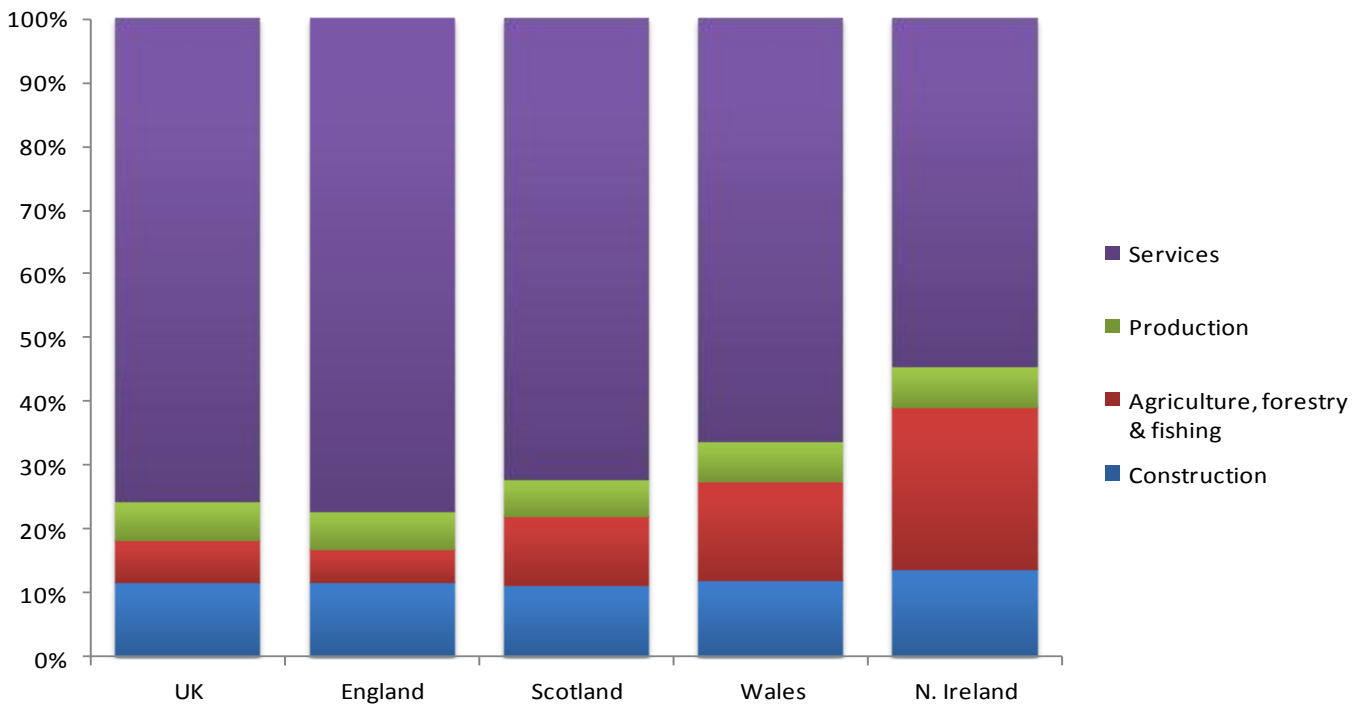
It should be noted that part of the change between 2011 and 2012 was caused by improvements to HMRC computer systems leading to previously excluded businesses being added to the IDBR. Furthermore, between 2013 and 2014, HMRC introduced a Real Time Information (RTI) system for PAYE. Although the introduction of this scheme coincides with an increase in the numbers of enterprises on the business register, HMRC have indicated that there are no technical reasons associated with RTI alone which would have increased the number of enterprises on the register during the period.

The increase in UK businesses in 2014 has been driven by increasing numbers in England (4.7%), Scotland (3.7%) and Wales (2.9%). However, in Northern Ireland, the number of VAT and/or PAYE businesses has continued to decline.

In March 2014, there were 66,650 VAT and/or PAYE registered businesses with a main (or registered) address in Northern Ireland, compared with 66,685 in March 2013, a small decline of 0.1%.

Industry Sector

Figure 25 - Percentage of VAT and/or PAYE Registered Businesses by UK Region & Industry Sector



Source: Inter Departmental Business Register (IDBR), March 2014

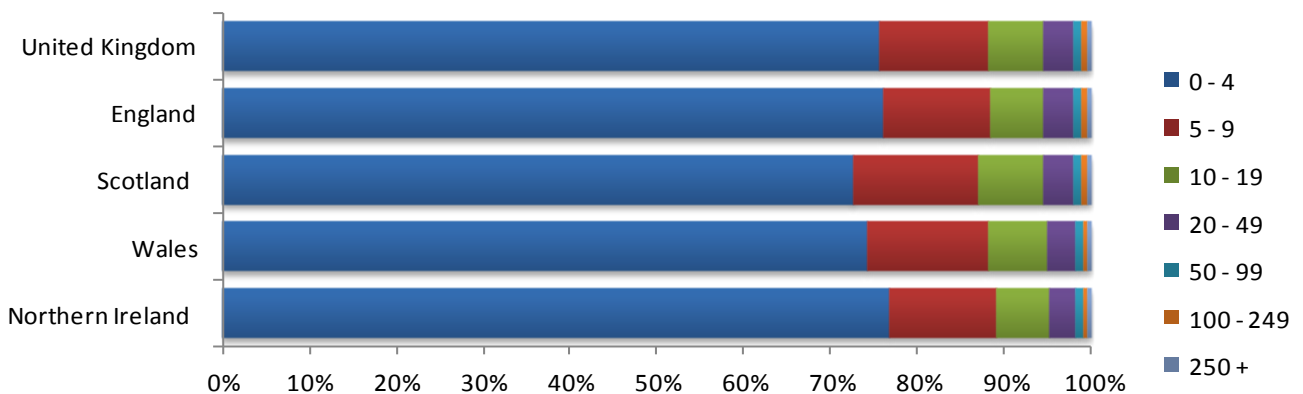
At March 2014, Services made up approximately 76% of all UK businesses. Northern Ireland had a much lower proportion of businesses in the services industries with around 55% of Northern Ireland businesses falling into this sector.

Agriculture, Forestry and Fishing sector was the largest single industry group in Northern Ireland (25.4%) and Wales (15.4%). This compares to a UK average of 6.4%, driven largely by the low proportion of businesses registered in the sector in England (5.0%).

In 2014, across the UK as a whole the Professional, Scientific and Technical sector accounted for the largest number of UK businesses (17.5%) across all industry sectors. Northern Ireland showed a much lower reliance on this industry (7.4%) compared to England (18.0%), Scotland (18.6%) and Wales (11.3%).

Employment

Figure 26 - Number of VAT and/or PAYE Registered Businesses by UK Region and Employment Size Band

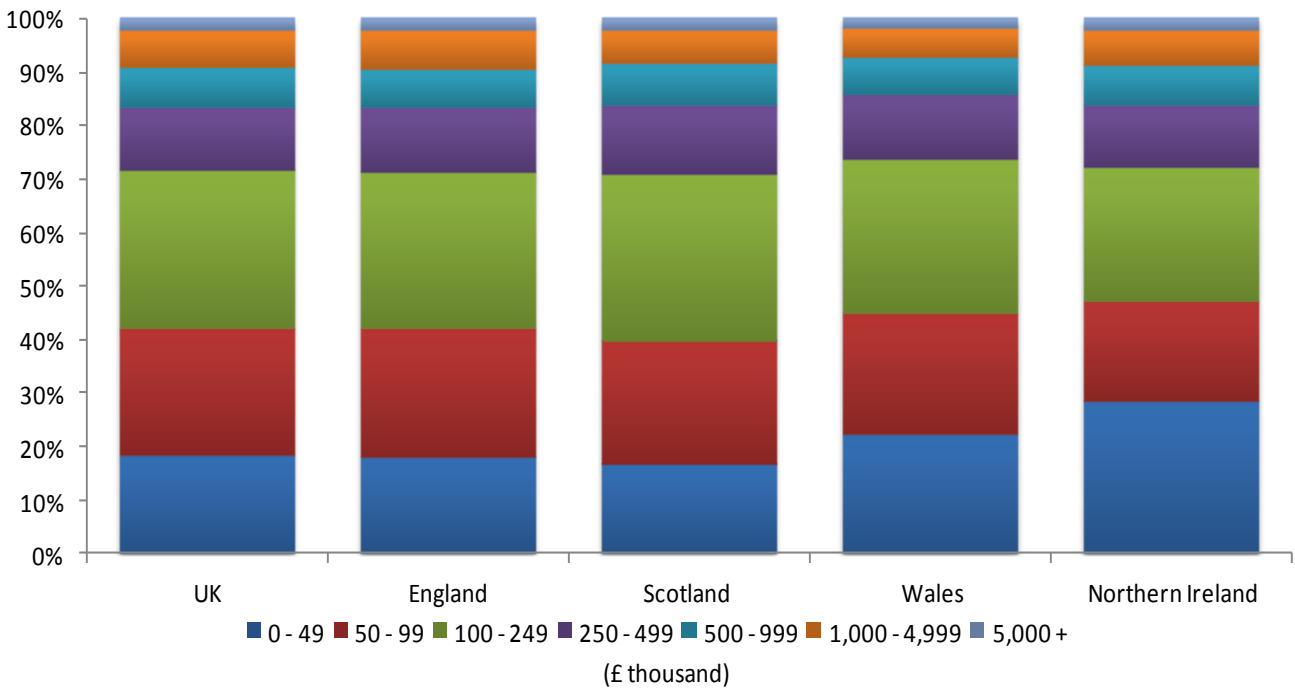


Source: Inter Departmental Business Register (IDBR), March 2014

Figures from the IDBR showed that in March 2014, Northern Ireland, like the other UK regions, is a small business economy. Almost 77% of VAT and/or PAYE registered businesses with a main (or registered) address in Northern Ireland had total employment of less than five. These employment figures for a business include both working proprietors and employees. These figures are slightly higher than England (76.0%), Scotland (72.6%) and Wales (74.3%).

Businesses with total employment of less than 50 accounted for approximately 98% of all VAT and/or PAYE registered businesses in Northern Ireland; of the remaining around 1.5% accounted for businesses with 50-249 total employment and 0.3% accounted for businesses with more than 250 total employment.

Figure 27 - Percentage of VAT and/or PAYE Registered Businesses by UK Region and Turnover Size Band



Source: Inter Departmental Business Register (IDBR), March 2013

In March 2014, 8.8% of VAT and/or PAYE registered businesses with a main (or registered) address in Northern Ireland had total turnover which exceeded £1 million. This figure is lower in Scotland (8.6%) and Wales (7.4%) but higher in England (9.4%). The overall UK rate stood at 9.3%.

The largest proportion (47.1%) of businesses registered for VAT and/or PAYE, at March 2014, with a main (or registered) address in Northern Ireland had total turnover across all their sites of less than £100,000. This differs to the other UK countries where the largest proportion of businesses registered for VAT and/or PAYE had total turnover across all their sites of between £100,000 and £999,999. These businesses represented 48.6% in England, 51.9% in Scotland and 47.7% in Wales.

The information contained within this section is taken from the **VAT and PAYE tables** specifically tables **1.1, 1.3, 1.6, 1.7**.

Figure 24 data has been taken from **Table 1.1**,

Figure 25 data has been taken from **Table 1.3**.

Figure 26 data has been taken from **Table 1.7**,

Figure 27 data has been taken from **Table 1.6**.

Further information including table headings and a link to a downloadable excel file is available in Section 9 – List of Accompanying Tables.

7

Background Notes

Details of the methodology and definitions used in each set of tables, along with information on the coverage of the statistics, known quality issues, disclosure control methods and any planned revisions to the figures is included in the 'Notes' sheet accompanying the tables.

(i) Definition of a business

A Northern Ireland business can either be defined as an ***enterprise which has its registered address in Northern Ireland*** or as an ***enterprise which operates in Northern Ireland***. In the UK-wide tables produced by the Office for National Statistics (sections 5-6) the former definition is used. This is necessary so that each UK business or enterprise is assigned to a single location within the UK. However this definition excludes part of the Northern Ireland business population, namely those companies which have a presence in Northern Ireland but have their registered UK address (or head office) elsewhere in the UK. For this reason the alternative definition of enterprises operating in Northern Ireland definition has been used in all Northern Ireland and Local Government tables (sections 1-4).

The NI figures used within this publication include all businesses operating in Northern Ireland even if their main (or registered) UK address is elsewhere in the UK.

(ii) Data sources and coverage

The tables and commentary in this bulletin are based on information from the Inter Departmental Business Register (IDBR): a central register of all businesses in the United Kingdom which are either VAT registered or operating a PAYE scheme.

The majority of tables are based on a snapshot of the Inter Departmental Business Register (IDBR) taken on **24 March 2014**. This is the source used for the VAT and/or PAYE tables discussed in Section 3 and the Foreign Ownership tables discussed in Section 4.

The Business Demography tables discussed in Section 5 also draw their data from the IDBR, but they use information from throughout the calendar year. For example, the number of business births includes all births during the calendar year. These data are taken from the [Business Demography 2013](#) publication. This is a UK-wide publication produced by the Office for National Statistics (ONS).

The UK Context figures in the VAT and/or PAYE tables discussed in Section 6 are taken from [UK Business: Activity, Size and Location 2014](#). This is a UK-wide publication produced by the Office for National Statistics.

(iii) Coverage of the IDBR

The IDBR covers most of the economy including the Agriculture, Production and Service sectors in Northern Ireland. It does not however include very small businesses which are not VAT registered (the threshold for VAT in 2013/14 was £79,000) unless they operate a PAYE scheme. This means that many self-employed workers will not be included on the IDBR. The Department for Business, Innovation and Skills (BIS), estimates that the number of unregistered private sector businesses in Northern Ireland at the start of 2013 was 55,655. (This BIS estimate excludes any unregistered businesses in the non-profit sector). Further information on these businesses can be found via the following link (see the Northern Ireland tab in the dataset):

<https://www.gov.uk/government/publications/business-population-estimates-2014>

Any businesses which are solely VAT based or solely PAYE based where the employment is estimated to be 20 or more have been excluded from this analysis as these businesses are thought to be duplicates of existing businesses (pending a return from the Business Survey Inquiry or other information).

The IDBR figures will inevitably also include some enterprises that were no longer VAT and/or PAYE registered or had actually ceased trading at the time the results were extracted. Similarly, some new business start-ups will be excluded because of the delays in notification.

(iv) Foreign Ownership on the IDBR

The information on foreign ownership on the IDBR is supplied annually to the Office for National Statistics (ONS) by the market information company Dun and Bradstreet. The figures in this publication are based on ultimate owner or top enterprise in the 'chain of ownership'. At each point in the chain, the parent company (including the ultimate owner) must hold more than a 50 per cent shareholding in the subsidiary company.

This is likely to be an undercount of the number of foreign (non-UK) owned businesses in Northern Ireland for the following reasons:

- The estimates only include businesses in Northern Ireland identified as being foreign-owned by the market information company Dun and Bradstreet. This may not be an exhaustive list of foreign owned businesses in Northern Ireland.
- Any business controlled by a collective of foreign investors, each with a minority stake will be excluded from the figures. For a business to be classified as foreign-owned a single outside foreign investor must hold a greater than 50 per cent total shareholding.
- The estimates are limited to businesses which are part of an enterprise group. Under this definition of foreign-ownership, a business which does not have a parent company cannot be foreign owned. This parent company does not need to be in the UK.

(v) Business Demography

The Business Demography publication was introduced by the Office for National Statistics in 2009 (for the reference period 2008 onwards) following a new European Commission Structural Business Statistics Regulation which came into force in February 2008, requiring National Statistical Institutes (NSIs) to produce statistics on business births, deaths and survival rates. For more information on the ONS publication please visit the following website:

<http://www.ons.gov.uk/ons/rel/bus-register/business-demography/2013/index.html>

This Business Demography methodology also introduces the concept of an active business population for each calendar year. This population includes businesses that had either turnover or employment at any time during the calendar year. Note that the active population in a calendar year will be greater than the number of businesses at any given point in that same year. This is because the active population takes into account businesses that were active at any point during the calendar year. Therefore the active population should not be used as an estimate of the number of business in a particular geographical area. Estimates of the number of businesses by geographical area and other relevant characteristics are included in the VAT and/or PAYE registered tables discussed in Section 3.

(vi) Further Information on the IDBR

For further information about the IDBR and its usage please follow the link below:

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-inter-dept-bus-register.htm>

Information produced by ONS regarding the UK IDBR is available via the following link.

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/business-and-energy/business-population/further-information-about-idbr-sources.pdf>

(vii) Legal Obligation to Register for VAT

Mandatory registration for VAT is required if the business' turnover exceeds the stated limit which was £79,000 for 2013/2014. The thresholds for earlier years can be found on the HM Revenue & Customs website: <http://www.hmrc.gov.uk/vat/forms-rates/rates/rates-thresholds.htm#2>

Also in situations where this amount has been exceeded in the prior twelve month period, registering for VAT becomes a legal obligation. In addition, where a business anticipates that its taxable sales will breach the £79,000 limit in any 30 day period it must also then apply for registration.

(viii) Revisions

The VAT and/or PAYE tables (Section 3) and Foreign Ownership tables (Section 4) are produced from snapshots of the Inter Departmental Business Register (IDBR) and are not subject to revision.

In the Business Demography tables (Section 5) the latest two years' estimates on births, deaths and survivals are subject to revision. Revisions would normally be made in the following year's publication.

(ix) Historic data

Previous editions of this publication are available from the Inter Departmental Business Register webpage: <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-inter-dept-bus-register.htm>
Links to the published tables for these years are embedded within the publications.

The UK Context VAT and/or PAYE tables (Tables 1.1 to 1.9) are directly comparable with tables contained in previous editions back to December 2009. Prior to this edition the Enterprise based tables did not include PAYE operating businesses not registered for VAT.

The NI and LGD VAT and/or PAYE tables (Tables 1.10 to 1.22a) are not directly comparable with tables contained in previous editions prior to edition 16 (published 13 February 2014). This is due to the change from the standard Enterprise based definition (and the alternative Reporting Unit definition used in some tables) to an Enterprise operating in Northern Ireland definition. This publication also contains a number of new tables. In several tables a comparable time series covering earlier years is included. Where this is not the case, comparable data for earlier years is available via the following link:

[Historic data](#)

The Foreign Ownership tables (Tables 3) are not directly comparable with the foreign ownership tables contained in previous editions prior to edition 16 (published 13 February 2014). This is due to the change from the Reporting Unit based definition, where every Reporting Unit is counted as a separate business to the Enterprise operating in Northern Ireland based definition, where multiple Reporting Units for the same enterprise are combined. All these tables include a comparable time series covering earlier years where this is available. The NI/non-NI split is not available prior to 2013.

(x) Comparability with other Northern Ireland Economic and Labour Market Statistics publications

This publication provides information on the number, characteristics and geographical location of Northern Ireland businesses and local sites within Northern Ireland. The Inter Departmental Business Register (IDBR) is the preferred source for this information. Counts of businesses and local sites are available split by industrial classification, size based on employees, size based on employment, size based on turnover, country of ownership including both foreign (non-UK) owned and non-NI owned, private/public sector split and legal status.

The IDBR is not the preferred source for employment/employees estimates. For employee estimates, the [Census of Employment](#) or the [Business Register Employment Survey \(BRES\)](#) should be used. These surveys are carried out in alternate years and provide robust estimates of employee jobs in all industries except agriculture. The employee estimates from these surveys are broken down by industry, gender, working pattern, public/private sector split and job location. The [Quarterly Employment Survey \(QES\)](#) provides more timely (but

less robust) estimates of employee jobs at the Northern Ireland level. Employment, Unemployment and Economic Inactivity estimates are available from the [Labour Force Survey](#).

For turnover estimates, the [NI Annual Business Inquiry \(ABI\)](#) is the preferred source. The ABI includes the Production, Construction, Distribution and Service industries in Northern Ireland but excludes the Public Sector. Information on Turnover (along with a range of other financial information) is available by industry sector or geographical location based on both Reporting Units and Local Units.

Although the IDBR is not the preferred source for employee/employment and turnover estimates, it is the only source for Country of Ownership. As a result employee estimates by foreign (non-UK) ownership, non-NI ownership and country of ownership are produced from the IDBR.

A range of other publications and statistics are produced by the Economic and Labour Market Statistics branch. Further information on these publications and the underlying survey data can be found from the Economic and Labour Market Statistics home page: <http://www.detini.gov.uk/deti-stats-index.htm>

A simple guide to the various business surveys and administrative sources and when and how each source should be used can be found via the following link:

www.detini.gov.uk/economic_labour_market_statistics_-_guide_to_surveys_including_the_idbr.xlsx

(xi) Users

IDBR data is widely used by anyone who has an interest in the Northern Ireland economy. The figures are used by economists and economic commentators both within and outside Government in assessments of the state of the economy e.g. the Ulster Bank in their Economic Commentary. In addition, significant non-governmental users of the data include District Councils, consultants, research organisations, universities, academic researchers both home and abroad, the media and the general public, e.g. Ulster Bank and Oxford Economics.

The data is used by policy staff and economists within the Department of Enterprise, Trade and Investment to better inform their decision making. Staff from InvestNI use the data to guide decisions in identifying investment opportunities and to monitor the effect of those investments on the economy. The Private Office and the Press office use the data for responding to media queries as well as input to Assembly Questions, speeches, Ministerial correspondence, etc.

This IDBR publication is generally used by academics, consultants, independent researchers and other government departments to provide information relating to NI and as a starting point for analysis. In some cases the figures are used directly to inform decision making. The figures are also used to provide input into Assembly Questions and answer queries from the public.

Further information on the Usage of the IDBR and this annual publication can be found here: www.detini.gov.uk/usage_of_the_idbr-2.docx

(xii) Disclosure control

Statistical disclosure control methodology is applied to IDBR data. In the tables produced by Economic and Labour Market Statistics business counts are rounded to the nearest five and counts below five are suppressed; thus figures in these tables may not sum to their totals. Employee estimates are also adjusted to ensure that small numbers and numbers dominated by a small number of businesses are suppressed; figures for less than five businesses have also been removed.

These controls ensure that information attributable to an individual or individual organisation is not identifiable in any published outputs. The Code of Practice for Official Statistics, and specifically the Principle on Confidentiality (P.C) set out practices for how NISRA protects data from being disclosed. The P.C includes the statement that outputs should 'ensure that official statistics do not reveal the identity of an individual or organisation, or any private information relating to them, taking into account other relevant sources of

information'. More information can be found in National Statistician's Guidance: Confidentiality of Official Statistics and in the Northern Ireland Statistics & Research Agency Economic & Labour Market Statistics Branch (NISRA ELMSB) confidentiality statement:

<http://www.detini.gov.uk/deti-stats-index/stats-national-statistics/data-security.htm>

(xiii) Ad-hoc requests

This publication contains a range of information on Northern Ireland businesses. Where an alternative classification or more detailed information is required, e.g. a different industry breakdown; business size based on employees rather than employment, this can be obtained by contacting the IDBR Analysis team (see Section 8 for contact details).

Additional information on Northern Ireland businesses, sourced from the Inter Departmental Business Register (IDBR), is also available on the Northern Ireland Neighbourhood Information Service (NINIS) website:

<http://www.ninis2.nisra.gov.uk/public/Theme.aspx?themeNumber=129&themeName=Business and Energy>



Definitions

A number of terms and classifications are used in this bulletin. These are explained below:

(i) **Business Units**

An **Enterprise Group** is a group of legal units under common ownership.

An **Enterprise** is the smallest combination of legal units (generally based on VAT and/or PAYE records) which has a certain degree of autonomy within an Enterprise Group. The geographical location of an Enterprise is based on its registered (or main) address within the UK.

A **Reporting Unit** includes all or part of an Enterprise. There will be (at least one) Northern Ireland Reporting Unit for any business operating in Northern Ireland. A Northern Ireland Reporting Unit will not include any sites outside Northern Ireland.

An **Enterprise operating within Northern Ireland** includes all businesses operating in Northern Ireland where Enterprises with more than one Reporting Unit in Northern Ireland are aggregated to form a composite unit.

A **Local Unit** is an individual site (for example a factory or shop). Local units are allocated to geographical locations based on their actual address.

(ii) **Unregistered businesses**

These are businesses run by self-employed people that are not large enough to be VAT registered and do not have a PAYE scheme. As a result they will not appear on the Inter Departmental Business Register (IDBR). Estimates of the number of unregistered businesses in the private sector² are produced by the Department of Business, Innovation and Skills (BIS). These estimates use information from the IDBR, Labour Force Survey (LFS) and HMRC self-assessment tax data. Further information on the methodology used to produce these statistics can be found on the BIS website via the following link:

<https://www.gov.uk/government/publications/business-population-estimates-2014>

(iii) **Geographical location**

A business is assigned to Northern Ireland if it operates in Northern Ireland, i.e. if its main (or registered) UK address is in Northern Ireland or if it has at least one site in Northern Ireland.

A business is assigned to a geographical location within Northern Ireland based on the address of the site which reports Northern Ireland activity, i.e. the Northern Ireland Reporting Unit. This is usually the main operating site or 'head office' within Northern Ireland. Where there is more than one Northern Ireland Reporting Unit, the address of the composite unit is used. In a small number of cases the site which reports Northern Ireland activity is outside Northern Ireland (for example in the Republic of Ireland) but the Enterprise address, i.e. the registered UK address, is in Northern Ireland; in this case the Enterprise address is used to assign the business to a geographical location within Northern Ireland. If both the Reporting Unit address and the Enterprise address are outside Northern Ireland (for example in England, Scotland or Wales) the geographical location of the business within Northern Ireland is unknown.

² The definition of the private sector used by BIS includes all businesses with a legal status of Sole Proprietor, Partnership, Company (including LLPs) or Public Corporation/Nationalised Body. This is different from the Private Sector definition used in Section 3.5 of this publication which includes the non-profit sector but excludes public corporations and nationalised bodies.

(iv) Industrial Classification

This publication uses the UK Standard Industrial Classification 2007 (UK SIC 07). Details of this classification can be found here:

<http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

The Broad Industry Group structure has been defined under UK SIC 2007 and is listed below:

Description	UK SIC 2007 Key	Section	Division
Agriculture, forestry & fishing	Agriculture	A	01/03
Production	Production	B, C, D and E	05/39
<i>Mining, quarrying & utilities</i>		<i>B, D and E</i>	<i>05/09, 35/39</i>
<i>Manufacturing</i>		C	10/33
Construction	Construction	F	41/43
Wholesale and Retail; repair of motor vehicles		G	45/47
<i>Motor Trades</i>	Motor Trades	G	45
<i>Wholesale</i>	Wholesale	G	46
<i>Retail</i>	Retail	G	47
Transport & storage (inc postal)	Transport	H	49/53
Accommodation & food services	Accommodation	I	55/56
Information & communication	ICT	J	58/63
Finance & insurance	Finance	K	64/66
Property	Property	L	68
Professional, scientific & technical	Professional	M	69/75
Business administration and support services	BusAdm	N	77/82
Public administration & defence	PubAdm	O	84
Education	Education	P	85
Health	Health	Q	86/88
Arts, entertainment, recreation and other services	Arts	R, S, T and U	90/99

UK SIC07 is only available on the IDBR (at an appropriate level of quality) from 2009 onwards. UK SIC07 differs significantly from the previous classification (UK SIC03). As a result figures broken down by industry have only been extended back to 2009.

(v) Employment/ Employees

The employment and employee information on the IDBR is drawn mainly from the Census of Employment or the Business Register Employment Survey (BRES). For traders who have registered recently, the information may be taken from the Business Register Inquiry, PAYE jobs or employment imputed from VAT turnover.

The employment for a business includes the number of employees and any working proprietors (e.g. sole traders or partners). Limited companies, charities, churches, voluntary and public bodies cannot have working proprietors. For these businesses the employment is equal to the number of employees.

As the Enterprise Operating in Northern Ireland definition is used in this publication, the employment/employee count is only for the part of the business located in Northern Ireland.

Employee/employment information on the IDBR is used to group businesses by size (based on employees or employment). If businesses are grouped based by number of employees the terms micro (0-9 employees), small (0-49 employees), medium (50-249 employees) and large (250+ employees) are also used. This is the basis of the SME classification which includes businesses with less than 250 employees i.e. small and medium enterprises. The IDBR is not the preferred source for employment/employees estimates. For employee estimates, the Census of Employment or the Business Register Employment Survey (BRES) should be used.

(vi) Turnover

Turnover provided to the ONS for the majority of traders is based on VAT returns for a 12 month period. For 2014 this relates to a 12 month period covering the financial year 2012/2013. For other records, in particular members of VAT group registrations, turnover may relate to an earlier period or survey data from the Northern Ireland Annual Business Inquiry (NI ABI). Where survey data from the NI ABI is used the turnover will usually relate to the calendar year 2012 (rather than the financial year 2012/13). For traders who have registered more recently, turnover represents the estimate made by traders at the time of registration.

The turnover figures on the register generally exclude VAT but include other taxes, such as the revenue duties on alcoholic drinks and tobacco. They represent total UK turnover, including exempt and zero-rated supplies.

As the Enterprise Operating in Northern Ireland definition is used in this publication, the turnover figure is only for the part of the business located in Northern Ireland.

Turnover information on the IDBR is used to group businesses by size (based on turnover). The IDBR is not the preferred source for turnover estimates. For turnover estimates, the [NI Annual Business Inquiry \(ABI\)](#) should be used.

(vii) Legal Status and Public/Private Sector

The IDBR holds information on the legal status of each business. The categories are:

- Company (incl. Building Society), Limited Liability Partnerships and Joint Ventures
- Sole proprietor
- Partnership, and Limited Partnership
- Public Corporation/nationalised body
- Central Government
- Local Authority
- Non-profit body or mutual association

All VAT and PAYE registered businesses on the IDBR can be grouped into either Public or Private sector. The Private sector is a combination of registered businesses whose legal status falls under the category of 'Company (incl. Building society), Limited Liability Partnerships and Joint Ventures', 'Sole Proprietor', 'Partnership and Limited Partnership' and 'Non-profit body or mutual association' while the public sector is comprised of those registered as 'Public Corporation/nationalised body', 'Central Government' and 'Local Authority'.

BUSINESS DEMOGRAPHY

Births, deaths and survival statistics are produced using common Eurostat definitions, which ensures greater comparability across the EU. The methodology used is that found in the [Eurostat/OECD manual on Business Demography](#). There are two key differences between the estimates in this publication and the statistics supplied to Eurostat. Firstly, in these estimates an adjustment has been made to the deaths data to allow for reactivations, which enables more accurate estimates to be published. Secondly, managed-service companies have been excluded.

(viii) Active population

The starting point for demography is the concept of a population of active businesses in a calendar year (t). These are defined as businesses that had either turnover or employment at any time during the calendar year. Births and deaths are then identified by comparing active populations for different years. Birth and death rates are calculated by dividing the births and deaths by the active population for the same year.

Note that the active population in a calendar year will be greater than the number of businesses at any given point in that same year. This is because the active population takes into account businesses that were active at any point during the calendar year.

(ix) Births

A birth is identified as a business that was present in year t, but did not exist in year t-1 or t-2. Births are identified by making comparison of annual active population files and identifying those present in the latest file, but not the two previous ones.

(x) Deaths

A death is defined as a business that was on the active file in year t, but was no longer present in the active file in t+1 and t+2. In order to provide an early estimate of deaths, an adjustment has been made to the latest two years deaths to allow for reactivations. The figures for these years are provisional and subject to revision.

Reactivations occur due to lags in the administrative sources (VAT/PAYE), which mean it is possible that a business that is continuing to trade can appear to cease on the IDBR. If an old VAT scheme is de-registered and there is a delay in the creation and/or matching of the new VAT scheme it can leave the enterprise without a live administrative source resulting in it being automatically flagged as a death. Additionally, VAT based units where turnover drops to zero are automatically made dead on IDBR, but will rebirth if turnover is then reported in a later period. These units will appear to move from the active stock into the death counts then come live again as births. In order to prevent distortion in these figures, those businesses that 'reactivate' on the register within two years of death are treated as if they have continued to trade throughout the period.

(xi) Survival

A business is deemed to have survived if having been a birth in year t or having survived to year t; it is active in terms of employment and/or turnover in any part of t+1.

FOREIGN OWNERSHIP

(xii) Foreign (non-UK) owned

The market information company Dun and Bradstreet, annually supply the Office for National Statistics (ONS) with information on foreign owned enterprises operating in the United Kingdom. This information is subsequently loaded onto the IDBR.

In simple terms, a business on the IDBR is defined as being foreign (non-UK) owned where a single outside (non-UK) foreign investor holds a greater than 50% total shareholding. This outside investor must be a Corporation, Partnership or Limited Liability Company (or country equivalent).

The foreign ownership indicator used in these estimates is based on the ultimate (rather than the immediate) ownership. Hence, a business will only be classified as foreign-owned if the ultimate owner or top enterprise in the 'chain of ownership' is foreign. At each point in the chain, the parent company must hold more than a 50% shareholding in the subsidiary company.

This is likely to be a conservative estimate of the number of foreign (non-UK) owned businesses in Northern Ireland for the following reasons:

- The estimates only include businesses in Northern Ireland identified as being foreign-owned by the market information company Dun and Bradstreet. This may not be an exhaustive list.
- Any business controlled by a collective of foreign investors, each with a minority stake will be excluded from the figures. For a business to be classified as foreign-owned a single outside foreign investor must hold a greater than 50 per cent total shareholding.
- The estimates are limited to businesses which are part of an enterprise group. Under this definition of foreign-ownership, a business which does not have a parent company cannot be foreign owned. This parent company does not need to be in the UK.

Consequently the GB and NI ownership estimates may include some misclassified foreign-owned businesses.

(xiii) Country of Ownership

All businesses on the IDBR which are part of an Enterprise group are classified as either UK-owned or Foreign-owned (see definition above) and the country of ownership is recorded. The remaining businesses i.e. those businesses which are not part of an enterprise group are unclassified. The unclassified group will include sole proprietors, the public sector (central government, district councils, public corporations/nationalised bodies) and any other enterprises (such as limited companies, partnerships, non-profit organisations) which don't have a parent company/enterprise or a subsidiary.

In these estimates it has been assumed that all unclassified enterprises are UK-owned. The country of ownership (GB or NI) has been determined for UK-owned (and unclassified) businesses using the main (or registered) UK address for the business, i.e. the enterprise address. The enterprise address will usually be the UK headquarters or main operating site within the UK.

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List of Accompanying Tables

VAT and/or PAYE Registered Businesses Operating in Northern Ireland

UK Tables

In these tables a business is included in the Northern Ireland figures if its main (or registered) UK address is in Northern Ireland:

- 1.1 Number and annual percentage change of VAT and/or PAYE registered businesses by UK region, 2008- 2014
- 1.2 Number of VAT and/or PAYE registered businesses in United Kingdom by Broad Industry Group, 2008 -2014
- 1.3 Number of VAT and/or PAYE registered businesses by Broad Industry Group and UK Country
- 1.4 Number of VAT and/or PAYE registered businesses by UK Region by Broad Industry Group
- 1.5 Percentage of VAT and/or PAYE registered businesses by UK Country and turnover size band, 2008-2014
- 1.6 Number of VAT and/or PAYE registered businesses by UK Region and turnover size band
- 1.7 Number of VAT and/or PAYE registered businesses by UK Region and employment size band
- 1.8 Percentage of VAT and/or PAYE registered businesses by UK Country and employment size band, 2008-2014
- 1.9 Comparison of VAT and/or PAYE registered businesses operating and headquartered in Northern Ireland by Broad Industry Group, 2009-2014

Northern Ireland Tables

In these tables all businesses operating in Northern Ireland are included even if their main (or registered) UK address is not in Northern Ireland:

- 1.10 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Broad Industry Group, 2008-2014
- 1.11 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by UK SIC (2007) industry
- 1.12 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Broad Industry Group and turnover size band
- 1.13 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by employment size band, 2006-2014
- 1.14 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Broad Industry Group and employment size band
- 1.15 Number of Public/private sector VAT and/or PAYE registered businesses operating in Northern Ireland by employee size band
- 1.16 Number of Public/private sector VAT and/or PAYE registered businesses operating in Northern Ireland by detailed employee size band
- 1.17 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by legal status, 2006-2014
- 1.18 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Broad Industry Group and legal status

Local Government District (LGD) Tables

In these tables all businesses operating in Northern Ireland are included even if their main (or registered) UK address is not in Northern Ireland. LGD (2014) relates to the new LGDs due to be fully implemented by April 2015:

- 1.19 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Local Government District, 2006-2014
- 1.19a Number of VAT and/or PAYE registered businesses operating in Northern Ireland by New LGD
- 1.20 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Local Government District and Broad Industry Group
- 1.20a Number of VAT and/or PAYE registered businesses operating in Northern Ireland by New LGD and Broad Industry Group
- 1.21 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Local Government District and turnover size band
- 1.21a Number of VAT and/or PAYE registered businesses operating in Northern Ireland by New LGD and turnover size band
- 1.22 Number of VAT and/or PAYE registered businesses operating in Northern Ireland by Local Government District and employment size band
- 1.22a Number of VAT and/or PAYE registered businesses operating in Northern Ireland by New LGD and employment size band

Business Demography

In these tables a business is included in the Northern Ireland figures if its main (or registered) UK address is in Northern Ireland. This will usually be the main operating site or 'head office' within the UK:

- 2.1 Count of births and birth rate of new businesses by UK region, 2005 – 2013
- 2.2 Count of births and birth rate of new businesses for Northern Ireland by Local Government District, 2005 – 2013
- 2.3 Count of births and birth rate of new businesses for Northern Ireland by Broad Industry Group, 2009 – 2013
- 2.4 Count of deaths and death rate of businesses by UK region, 2005 – 2013
- 2.5 Count of deaths and death rate of businesses for Northern Ireland by Local Government District, 2005 – 2013
- 2.6 Count of deaths and death rate of businesses for Northern Ireland by Broad Industry Group, 2009 – 2013
- 2.7 Survival of newly born businesses by UK region, 2007 – 2012
- 2.8 Survival of newly born businesses for Northern Ireland by Local Government District, 2007 – 2012
- 2.9 Survival of newly born businesses for Northern Ireland by Broad Industry Group, 2009 – 2012

Foreign Ownership

In these tables all businesses operating in Northern Ireland are included even if their main (or registered) UK address is not in Northern Ireland:

- 3.1 Businesses operating in Northern Ireland by Country of Ownership (NI, GB, ROI, Other) - number and employees, 2014
- 3.2 Foreign owned (defined as non-UK) businesses operating in Northern Ireland by Country of Ownership - number and employees, 2008-2014
- 3.3 Foreign owned (defined as non-UK) businesses operating in Northern Ireland by Broad Industry Group - number and employees, 2009-2014
- 3.4 Businesses operating in Northern Ireland by grouped Country of Ownership (NI, GB, ROI, US, Other) and Broad Industry Group - number and employees, 2014

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Contact Information

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Information regarding the IDBR is also available via the following link:

<http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-inter-dept-bus-register.htm>