



Provision of Audit Services,
Consultancy and Taxation to the Irish
Co-Operative Agricultural Sector

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The Co-operative (Co-Op) business model plays a vital role in ensuring that rural farmers and communities have access to both domestic and international markets in a sustainable manner through a process of collaboration and co-operation amongst not only its members but also its fellow co-operative societies in Ireland.

We understand that the dairy sector is subject to significant volatility due to the global supply and demand trends as reflected in the market prices of milk. We are aware of the multifaceted nature of a Co-Op and are familiar with the reporting requirements applicable to each sector within which the Co-Op operates. Through our varied skill-set, high level of experience and depth of knowledge, we can provide a vast array of services which will help to ensure that the Co-Op is performing at its optimum.

Our services include:

Year End Audit

Co-Ops are subject to an annual audit. Our team consists of professionals with extensive audit experience and also have an in-depth understanding of the issues and decisions that face agricultural Co-Ops. We will present our findings in a timely, precise and user-friendly manner so as to ensure clarity and ease of understanding for the end user. We will go above and beyond the statutory audit requirements to ensure that value added services are provided as part of the audit process.

Internal Audit

The driving principle behind Internal Audit is one of openness and good governance. Internal audit provides information on

financial strength and overall profitability to both management and the members, and will assess past performance against the plans and forecasts. This will result in greater understanding and awareness of new possible initiatives, which in turn can result in improved performance overall. Internal auditing should be an ongoing process that is carried out independently to ensure objectivity in the final evaluation. We can provide the required level of objectivity and thus ensure that the results are credible and can be trusted and relied upon.

Governance Requirements and Co-Operative Rules

Good governance supports effective decision-making, efficient processes and provides reassurance to the members. Governance requirements are not only limited to compliance with legal and regulatory requirements but also encapsulate the requirement to ensure that transparency, accountability and fairness are embedded in the internal business processes. We can advise on the adequacy of the current rules and internal governance in place, and on the annual co-operative financial reporting requirements as we understand that your Co-Op needs a good strong framework to ensure continued viability while also facilitating expansion opportunities, should these arise.

Risk Management

Co-Ops face risks that could present threats to their success and viability. Risk management helps identify and address these risks. Carrying out risk assessments increases the likelihood of achieving objectives as awareness of risks will result in management having a deeper insight into how best practice can be achieved which facilitates better planning and more informed decision making processes. We can assist with the risk management process by developing the risk register and by advising on how best to mitigate the risks identified. We will highlight areas where improvements can be made.

Listed Entity Share Considerations

The Revenue Commissioners issued correspondence to a number of shareholders of Kerry Co-Op in late 2016, inviting taxpayers to review their Income Tax returns and to make qualifying disclosures in respect of Patronage Shares. Patronage shares are effectively bonus shares issued by reference to the members transactions in the year. Revenue were seeking to apply Income Tax treatment, computed by reference to a 'grey market' for the sale of Kerry Co-Op shares. Patronage shares are commonplace in the sector. In the period since Revenue first raised this issue, we have reviewed the Rules of a number of Co-Ops from both a taxation and share valuation



perspective. Our role is to assist in determining if they might also have a risk of Revenue scrutiny, and if so, how best to manage that risk.

Taxation matters

Management of taxation liabilities and risks is key for any business, and Co-Ops are no different. We assist with year end tax compliance for all our clients, including numerous Co-Ops and agri food businesses. In addition, we provide ad hoc tax advices to our clients. We often find that operational taxes, such as VAT, RCT and PAYE are key concerns for the management team. The diversified nature of a Co-Op business, coupled with numerous income streams and continuous changes in tax rules and practices can leave Co-Ops open to taxation issues. We regularly undertake VAT and PAYE reviews to confirm the veracity of returns, ensure that practices are in order, and to ensure that no opportunities are overlooked.

Payroll Bureau

Our in-house payroll department will be happy to carry out the payroll function and will be more than willing to meet with you to discuss your requirements in detail to ensure that the service we carry out is exactly in line with expectations and requirements.

Sector experience

Our extensive experience and exposure spanning across multiple industry sectors including, but not limited to, agriculture, dairy and retail, places us in a strong position to represent the Co-Op as statutory auditor and/or as a general advisor.

Competitively priced

We will always ensure that a quality services is provided but we are sensible in calculating our proposed fee, to ensure that both of our organisations receive value from the relationship. We ensure that all fees are agreed in advance so as to avoid any hidden costs and show full transparency.

What makes us different?

Our team has an in-depth understanding of the issues and decisions that face Co-Ops in the agricultural sector. We will use that understanding when we work with you and are confident that we will become your first 'port of call' for all of your audit and advisory requirements. We will always be available to discuss, in person or over the telephone, any queries or concerns that you may have.

Communication

To provide the Co-Op with a valuable service we need to fully understand you and your objectives. We will take the time to

build the right relationship so that you trust us to advise on key decisions. We view our relationship with you as a two-way process: while it is vital that we are available when you need us, it is of equal importance that we contact you when issues arise. It is through this regular communication that the relationship between our two entities will develop – as will the value you will obtain from our services.

We recognise how important it is for our clients to have access to high quality, professional advice. As such, the partners on the team will not only lead the assignment and ensure the utmost quality and efficiency, but will also be highly visible to management. But although our service is partner-led, it is not only partners that add value – you will benefit from all members of our team.

In addition we believe we can add value to the Co-Op by assisting with strategic plans, keeping you abreast of changes in the agricultural sector from a taxation, legislation and financial reporting viewpoint, and assisting with queries as they arise.

Moore Stephens

Moore Stephens is a leading Irish owned provider of accountancy and advisory services for smart, commercial ambitious enterprises seeking the highest standards in client service and expertise. We are ranked in the top 10 Irish accountancy practices with 10 partners and over 100 staff. We have offices in Dublin and Cork and have grown steadily in the Irish marketplace since our foundation in 1970.

We provide our client with access to a range of core and specialist services including audit and tax compliance, business and personal tax planning, corporate finance, insolvency, corporate governance and forensic account.

Our success stems from our industry focus, which enables us to provide an innovative and personal service to clients in niche markets.

Specialist sectors include credit unions, healthcare, banking recovery and restructuring, agriculture and education, while maintaining our predominant foothold in the Irish SME sector. We recognise that Irish business will become increasingly export orientated in line with the national recovery plan. To address our clients' need for the highest quality international advice we have joined the Moore Stephens International Network.

Moore Stephens globally

Moore Stephens International is a top ten global accountancy and consulting network, headquartered in London. With fees of over US\$2.74 billion and offices in 108 countries, clients have access to the resources and capabilities to meet their global needs.

By combining local expertise and experience with the breadth of our UK and worldwide networks, clients can be confident that, whatever their requirement, Moore Stephens provides the right solution to their local, national and international needs.

Contact information

If you would like further information on any item within this brochure, or information on our services please contact:



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