



## **116<sup>th</sup> Annual Report & Accounts 2010**

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# ICOS Mission, Vision and Values

## *Generating leadership, competitiveness and value through stronger co-operation and world class service*

ICOS is a unifying force for the Irish Co-operative movement. It is imperative that ICOS demonstrates strong leadership and direction to help its members maintain sustainable growth. Within ICOS we aim to embrace the pioneering, innovative and tenacious spirit of our founding members to help strengthen our co-operatives operating in today's ever changing and competitive world.

ICOS aims to embrace the co-operative spirit to help support, grow and strengthen the Co-operative movement in Ireland through a dedicated strategy and plan that embraces our three core values;

## **Vision | Leadership | Value**

**Vision** – As the umbrella organisation representing many of Ireland's agribusiness co-operatives, ICOS has a responsibility to sense the future, innovate and help evolve the co-operative movement to help meet the needs of its members and the needs of the market place.

**Leadership** – ICOS is the unifying voice for Irish co-operatives. It is imperative for ICOS to demonstrate obligation to show strong leadership, direction and maintain sustainable business growth in an ever growing globally competitive marketplace.

**Value** – ICOS has an obligation to deliver tangible value to its members. There is a pre-requisite for ICOS to educate its members on the value of the co-operative, encourage and develop the next generations of co-op leaders to ensure sustainability, self-governance and self-responsibility.

ICOS plans to refocus its efforts to provide a program and plan to help deliver the necessary change and value within the industry. ICOS will also endeavour to promote more active participation amongst its member co-ops, and enhance how we engage and communicate more with our grass roots.

# Presidents Report



Following one of the most challenging periods for farming in many decades, 2010 saw a welcome recovery within the Agribusiness sector.

Increased milk and meat prices, better weather, and a growing optimism and enthusiasm for Ireland's agricultural and rural economies rewarded the resilience of our co-ops throughout the year.

Yet achieving our goals, and, making a difference is within our control. Our competitors face many of the same challenges we do. Within the livestock and dairy sectors we have a natural cost advantage in our grass based system. We need to leverage our strengths, minimise our weaknesses, seek out new opportunities, and, anticipate the threats to our business.

## Appreciation

In September, the CEO of ICOS John Tyrrell retired to pursue other business interests following a distinguished career to date.


Mr. Tyrrell joined ICOS in 1978 and has contributed strongly to the growth and development of Irish co-operative enterprise throughout his career in terms of his personal dedication and the skills he has brought to the various roles that he has fulfilled in that time. He has been Director General since 1990 and his contract had been due to end in 2012. He will continue his involvement with ICOS in a consultancy capacity.

On behalf of myself and the board, I would like express our appreciation to John Tyrrell for his unstinting commitment and contribution and we wish him every success in the future.

## Prospects

The program and focus for ICOS in 2011 are reflected in the CEO's report below. The board is confident that the ICOS team in place is focused and proactively working towards delivering enhanced value for our membership in 2011.

Finally, I would like to extend my personal appreciation to the board and the staff of ICOS for their continued support and assistance throughout the year.



**Pat McLoughlin**  
**President**

## Challenges and Opportunities

Market volatility in recent years has demonstrated just how much market dynamics have changed. We are now;

- Competing more and more in a global market place, which is being opened up to competition and trade.
- Competing in a marketplace on which we will not be able to rely on the same levels of Government / EU funding support as we have historically experienced.
- Seeing the greatest opportunities for market growth in regions outside our traditional strongholds.
- Continuing to monitor trends of greater consolidation, dominance and innovation in the hands of fewer and larger processors and sellers across the globe.
- Increasing the need to improve efficiency across the supply chain as we battle higher costs in energy, credit and environmental challenges.
- While keeping in mind that the producer has higher feed and input costs.

Many of the factors outlined are beyond our control, but if we are to participate in a global marketplace, with best in class competition, then we too as an industry need to be world class.

## Embracing Change

Within ICOS we have already embarked upon this path. Over the past year we have;

- Undertaken an extensive and necessary re-structuring of the organisation.
- Helped bring the dairy sector together through the industry sponsored KPMG Industry Study. This process is currently a work in progress.
- Hired a new Chief Executive with extensive, Dairy, Livestock, Commercial and International Experience

# CEO - Report



It gives me great pleasure to reflect on the stronger economic performance of our member co-operatives in 2010. The recovery in 2010 is discussed in the sector reviews outlined below.

Over the past number of weeks I have been travelling the country meeting with member

co-ops and reflecting on the opportunities and challenges facing our members on the ground. Such interaction has reinforced my opinion that the need for stronger co-operation, espousing change, and embracing the ideals promoted by Sir Horace Plunkett over one hundred and fifteen years ago is as relevant today as it was back then.

We cannot allow the difficulties of 2009, the recovery of 2010, and the high prices we are experiencing in the first half of 2011 to give way to complacency in 2012. The management and staff at ICOS is readying itself for such change. We are currently in the process of simplifying the structure of the organisation to help create a more agile and flexible organisation. Gone are the executive divisions of;

- General Directorate/ Administration Division
- Policy Development Division
- Member Development Division

Going forward the organisation will be focused on delivering services and value to its membership through the promotion of three Core Values;

- **Vision**
- **Leadership**
- **Value**

These values will be reflected in the promotion of a three stream roadmap for the Dairy, Mart / Livestock, and Co-operative Enterprise Sectors.

Together with these fundamental changes, ICOS will also concentrate on bringing about a more focused energy and interaction with its membership. ICOS represents and is focused on driving the necessary change, needed to help ensure the sustainability of our member co-ops. Consequently, we will endeavour to;

- Advocate greater engagement with our member co-ops and foster greater interaction between ICOS and its member co-ops.
- Challenge our members to raise the bar, and be open for challenge ourselves within ICOS.
- Promote the principles of the co-operative movement to ensure Stronger Governance, Stronger Education, Stronger Co-operation.
- Develop our membership base through the training and education of our grass roots membership. We will centre this activity through achieving greater participation with the younger members of our member societies.
- Delivering tangible value to our members in the services we provide, the initiatives we lead, and the programs we promote.

The need to focus on co-operative strength is important now more than ever before. Many of our member societies are competing in a market place today that is extremely competitive and fast paced.

ICOS is gearing itself to not only tackle these challenges head on, but also avail of the opportunities that derive from such competition.

I believe the key to the future success within the Irish Co-operative Sector is to achieve a more active membership across all generations, whilst incorporating plans and strategies that embrace positivity, openness and a willingness for change.

Together with the staff we will be working closely with the board over the year to come to help achieve these objectives.

A handwritten signature in black ink, appearing to read 'Tom O'Callaghan', with a long, sweeping horizontal line extending to the right.

**Tom O'Callaghan**  
**CEO**

# 2010 - A Year in Review

## 2010 Review - Dairy Sector

2010 was a positive year for the dairy sector, with markets being quite strong, and milk production conditions being excellent. Butter prices started the year at about 33% above intervention levels, peaked at about 70% above intervention in mid to late summer, and finished the year almost as high. SMP markets performed quite well too, from being about 12% over intervention level in spring, they peaked at about 40% over in mid spring, then falling off with 250,000 tonnes of intervention product overhanging the market, and finally, strengthening again at the back end.

Milk Prices, according to the CSO, were up by 28% on the (albeit disastrous) 2009 levels, while lower fertiliser costs and better growing conditions helped to drive a 7.4% increase in milk supply for the calendar year. For the recently ended quota year, production was up closer to 12%.

ICOS worked to facilitate and encourage consolidation within the dairy sector developed with the decision of a grouping of Chairmen and CEO's to commission a report by KPMG, identifying the main challenges facing the industry, its level of preparedness, and proposing strategic options to address those challenges. The process has demanded enormous co-operation from co-ops, particularly in relation to data gathering etc. Nevertheless the conclusion of this initial phase is behind schedule. ICOS will actively seek a more active and involved role in this process should it move to the next phase.

ICOS will promote that a resultant report and proposals be published to identify the route forward for an industry which is faced with increased competition, buyer concentration, higher energy costs, and expansion costs. However, we will actively defend the right of our members to prevent the publication of sensitive material that could best serve our international competitors, and help to undermine the ownership of our co-operatives. We will also maintain an added vigilance to help ensure that this process of co-operation is not further undermined through the unwarranted leaking of confidential information to members of the national media.

During the year, ICOS campaigned to raise awareness about the potential costs to the sector regarding expected dramatic expansion in milk supply post 2015. In parallel, it proposed a common approach to preparing for and managing milk supplies, as quotas disappear. ICOS is conscious of the need to put in place some type of supply agreements to regulate milk supply, as well as the need to deal with farmers varying expectations in relation to access to processing capacity. This campaign culminated in the October 2010 ICOS National Conference, entitled, "Dairy Expansion-Achieving Profitable Growth". This very successful event, featured a strong panel of speakers, addressing the theme of organising milk supply post quota, and providing greater capacity for those farmers who wished to access it.

In April 2010 we saw a proposal by Glanbia Co-operative Society Limited to acquire Glanbia's Irish Dairy and Agri businesses. This transaction did not proceed as it was defeated by the narrowest of margins in a ballot of the societies voting membership. ICOS recognises the diligence and efforts this society put into this initiative. ICOS will offer its assistance to all its members should similar co-operative enterprise promotion arise in the future.

## Milk Quota – National Position

The quota year ending 31<sup>st</sup> March 2011 was the 5<sup>th</sup> quota year in six years that the country has remained under quota. An under quota position of 0.4% or 15 million litres is predicted. This compares to an under quota position of 10.2% for the quota year 2009/2010.

The trend in increased supply, which began in summer 2010, continued through the autumn and right to the quota year-end. No doubt this was influenced by the buoyant milk price. However, in addition other factors like extended lactation, a build up of the national herds in preparation for the removal of quotas from 1<sup>st</sup> April 2015 and securing production rights would also have come into play. ICOS monitored milk production in order that co-ops were aware of potential superlevy exposure during the season and act on advise accordingly. In total, three circulars were circulated to the co-operatives, the first when the January figures were available and two further circulars in mid March and on the last day of the quota year. The ICOS projection was for an under quota position.

The third of the five 1% quota increases was applied as a 0.75% increase in quota on a permanent basis to every active producer from 1<sup>st</sup> April 2011. As in previous years the remaining 0.25% increase is being made available to 50 new entrants and recent new entrants and successors of previous quota holders who were successful through the Milking Quota Trading Scheme.

The prospects for the current year are already alarming and each individual producer will be obliged to review their own supply position relative to the quota available. It is also anticipated that very limited amounts of quota will be available through the Temporary Leasing and Fleximilk Schemes. In the past quota year, milk intake for the five winter months, (October – February), and not adjusted for butterfat was 8.6% up on 2007/2008, (last year a superlevy situation arose), 15.6% up on 2008/2009 and 21.3% up on 2009/2010.



# 2010 - A Year in Review - *continued...*

## Milk Quota Trading Scheme

The results from the two stages of the 2011/2012 Milk Quota Trading Scheme reversed the trend of the previous quota year and showed an upward movement in the weighted average price of traded quota. Comparing the two Schemes for the quota year 2011/2012, the weighted average traded price increased by 6.06 cent per litre or 47.4%. The quantity offered in the last trading Scheme (10<sup>th</sup> Trading Scheme) is the lowest of all previous Schemes. The price for traded quota in December was the highest since December 2008. Almost all milk purchasers had a 100% clearance of quota offered.

Throughout Europe, the value of quota is declining, in Denmark the February exchange showed a decline of approximately 25% in the price of quota traded to 30.9 cent per litre. However, the Danish quota prices had increased in the earlier part of 2010.

## Dairy Hygiene Grant Scheme

In March the Department announced a €45 million Dairy Hygiene Grant Scheme, which will close for valid applications on 31<sup>st</sup> December 2013. A delegation from the co-operatives and ICOS met department officials in the drafting stage of the Scheme. Co-operatives and milking machine technicians received a summary circular outlining the main elements of the Scheme and application criteria.

## 2010 Review - Marts

2010 was a very positive year for the marts and beef sectors. Beef prices rose considerably with markets being quite strong for beef and sheep and production conditions were excellent.

The perennial issue of mart credit was, and continues to be, a serious management issue for many marts and the ICOS Co-op Marts Committee continued to organise a number of regional meetings throughout the country on this topic alone.

The ICOS Marts Committee met on five occasions and dealt with the issues of credit management, EID of sheep, CAP post 2013, trade levels, live exports of sheep and cattle, amendments to animal welfare in transport legislation and the display of quality assured status of cattle and sheep to name but a few.

## 2010 Review - Cattle

Overall cattle numbers sold nationally through ICOS marts increased by 5.5%. Regional breakdown of cattle sold in 2010 versus 2009 was;

Ulster	+ 2.32%
Munster	+ 4.20%,
Leinster	+ 7.80%
Connaught	+ 2.00%

Live shipping again returned strong prices to the weanling and calf trades and 2010 witnessed a 18% + increase in live exports to Continental Europe and Britain to almost 340,000 animals versus the record year of 2009. These levels of exports however will lead to lower numbers of cattle available for sale in the following years as over 50% of the animals exported were calves under 3 months of age.

## 2010 Review - Sheep

The decline in sheep numbers continued again in 2010, with numbers sold through marts declining further. However, sheep prices increased by almost 17% from an average of 374 cents/kg to 438 cents/kg during 2010.

This has arrested the rate of decline in sheep numbers in many areas of the country and autumn prices of breeding stock jumped significantly from 2009 as a new optimism has been created in the sector. Global supplies of sheep meat are shrinking and consumption remains fairly static. Many marts are looking forward to bigger sheep sales in 2011.

## European Association of Livestock Marts (AEMB)

ICOS marts sent over 40 delegates to the 2010 AGM and General Assembly of the AEMB. It was held in Aberdeen in Scotland on 12<sup>th</sup> and 13<sup>th</sup> of May. Livestock mart representatives from Holland, Belgium, Spain, France, Scotland, France, England, Wales and Northern Ireland all attended.

The topic of the conference from farm to fork illustrated the importance of traceability in marketing of livestock and how it is used by the retailers as a marketing tool which is not always beneficial to the livestock marts, but on balance demonstrates the mart's vital function in the livestock trade.

This conference reinforced the positive decision of the ICOS marts committee to endorse the display of the quality assured status of cattle when being sold in a mart as being required by the ultimate buyer of all our cattle and sheep - the consumer.

## 2010 Review - Brussels Office

The influence of European and International issues continue to become more and more vital to our industry and 2010 saw much change in the Brussels office with Conor Mulvihill taking over the reins from Carol McGinley in October.

Representation to the European Commission has continued, with our traditional ties to the Agriculture Cabinet and Directorate General Agriculture being strengthened. The Brussels office has gone about the business of opening ties with increasingly important DGs to our industry such as Innovation, Trade, Environment, Climate Change and Health & Consumer policy.

## 2010 - A Year in Review - *continued...*

At European Council level, ICOS has developed a close working relationship with the department and members of the Irish civil servants in the Brussels permanent representation. This is to ensure that, Irish government policy at this level, ties in with the interest of our members in ICOS. 2011 will soon see a significant change, with Jarlath Coleman finishing a four year term as Ireland's Agriculture attaché to be replaced by Dermot Ryan.

The adoption of the Treaty of Lisbon has had a significant impact on the importance of the European Parliament on agricultural issues, with the Parliament now having full co-decision status on the framing of the legislative process. Previously, the parliament would simply have been consulted on the making of European law in the area.

In reaction to this, ICOS has significantly stepped up its links with MEPs on the island, and also other key European politicians in the influential Agricultural committee. This drive culminated in a highly successful visit to the European Parliament in March by representatives of the ICOS board and industry leaders. A full and positive exchange of views was had, and members of ICOS got the opportunity to address legislators from across Europe on issues such as the ending of quotas, the potential of the co-operative movement, CAP reform and rural development issues.

Three key pieces of law, directly of interest to the future operation of our co-ops, are currently working their way through the legislative process. These are the adoption of a 'Milk Package', which will have a significant impact of the functioning of the Irish and European dairy industries, with matters such as the status of co-ops, contracts and market transparency among those for discussion. The 'CAP 2020' process is also gathering momentum, and a 'Quality Package' governing labelling of food items is now also largely complete. ICOS is fully embedded in this process and interacts with the key players formulating these laws regularly.

While these three dossiers are making the headlines from a law-making perspective, ICOS also has been very active in Brussels on issues such as animal welfare & identification, transport, the development of the Emission Trading Scheme (ETS), reform of rural development, the ending of the quota system, food chain issues and on-going Trade negotiations.

We cannot become complacent on these issues or expect that others will do this lobbying for us. Despite having a good year, we as an industry have to realise the power of the urban consumer lobby in Brussels, who do not have the interests of the agri-cooperative industry at heart. It is imperative that ICOS is at the cutting edge of the European and international process to ensure we are not overburdened with red tape and regulation that will choke the potential from our industry.

With such a broad spectrum of policy issues, critical to our industry, to cover, it is key that ICOS develop alliances with delegations and bodies outside European institutions to ensure

that our organisation punches above its weight. To this end, the Brussels office has initiated contacts with like minded organisations and trade associations from across Europe and further afield, to ensure the impact of our lobbying activity expertise from these connections that we might not have in Ireland.

Contacts in Brussels with Irish semi-state bodies such as the IDA, Enterprise Ireland, Forfás have been developed greatly in anticipation of changes in our industry. As we look towards a future where our members will have to adapt and become leaders and innovators in world markets if we are to realise our undoubted potential.

ICOS continues to play a leading role in Europe's umbrella farming & co-operative organisation COPA COGECA. With ICOS's permanent Brussels office being located in the upper floors of the COPA COGECA building. ICOS retains its position as the sole Irish co-operative organisation in the COGECA organisation. ICOS contributes, on a day to day basis, to the development of policy, and relevant ICOS experts feed into the development of the organisation's policy where appropriate. ICOS staff have also been appointed to represent the whole COPA COGECA organisation in interactions with the Commission in areas such as Milk policy and the ETS. ICOS President Pat McLoughlin continues to make a significant mark in his role as COGECA Vice-President with specific responsibility for dairy and livestock issues.

### 2010 Plunkett Award for Co-operative Endeavour

The winner of the 2010 Plunkett Award for Co-operative Endeavour was Mr Dessie Boylan, who was nominated by Lakeland Dairies Co-operative Societies Limited.



**Plunkett Award Winner Dessie Boylan with his wife, Mary, Pat McLoughlin, ICOS President and Padraig Young, Chairman, Lakeland Dairies.**



# Board and Expert Committees

The Board, at its meeting on the 21st July, re-elected Mr Pat McLoughlin, Arrabawn Co-operative Society Ltd, as President and Mr Bertie O'Leary, Dairygold Co-operative Society Ltd as Vice-President. During 2010 the Board met on 13 occasions.

The Board is elected by and from three Expert Committees, the Dairy Committee, the Marts Committee, and the Rural Business Committee. The task of each of these expert committees is to develop and research policy positions in their respective areas of competence and to recommend these policies for acceptance to the Board.

## Membership of Expert Committees

The fifteen Members of the Dairy Expert Committee and the twelve members of the Mart Expert Committee are either directly appointed or elected from an electoral grouping by member co-operatives. Of the twelve members on the Rural Business Committee, six are directly elected from societies other than dairy and livestock mart societies and three members each are appointed from the Dairy and Marts Expert Committee respectively. The following is the composition of each of each of the Expert Committees for 2010/11 after the completion of the annual election cycle in May 2010.

### Dairy Committee

#### Directly Appointed:

Mr Liam Herlihy, Glanbia Co-operative Society Ltd, Mr. Pat Flahive, Kerry Co-operative Creameries Ltd, Mr. Bertie O'Leary, Dairygold Co-operative Society Ltd, Mr John O'Brien, Irish Dairy Board Co-operative Ltd.

#### Processors Group:

Mr Pdraig Young, Lakeland Dairies Co-operative Society Ltd, Mr. Pdraig Gibbons, Connacht Gold Co-operative Society Ltd, Mr. Pat McLoughlin, Arrabawn Co-operative Society Ltd, Mr. John Ahern, North Cork Co-operative Creameries Ltd, Mr. Matt Quinlan, Tipperary Co-operative Creamery Ltd., Mr. Hugo Maguire, Town of Monaghan Co-operative Ltd.

#### Non-Processors Group:

Mr. Jim Russell, Centenary Thurles Co-operative Society Ltd. Mr. Dermot O'Leary, Bandon CADS Ltd, Mr. John O'Brien, Barryroe Co-operative Ltd, Mr Michael John O'Donovan, Drinagh Co-operative Ltd, Mr Jerry Long, Drombane CADS Ltd.

### Marts Committee

#### Direct Appointed:

Mr John O'Brien, Central Auctions Services Co-operative Society Ltd, Mr James Gallagher, Connacht Gold Co-operative

Society Ltd, Mr Oliver Manly, Cork Co-operative Marts Ltd, and Mr. Liam Williams, Clare Marts Ltd.

#### Elected Members:

Mr Liam O'Byrne, Wexford Farmers Co-operative Society Ltd, Mr. Michael Parsons, Kilkenny Co-operative Livestock Market Ltd, Mr Charlie Doherty, Inishowen Co-operative Society Ltd, Mr Jimmy Roche, Castleisland Co-operative Livestock Mart Ltd, Mr Dermot Mc Carthy, Kanturk Co-operative Mart Ltd, Mr Michael Spellman, Roscommon Co-operative Livestock Mart Ltd, Mr Sean Brannelly, Athenry Co-operative Livestock Mart Ltd. Francis Burke, Mid-Tipperary Livestock Mart.

### Rural Business Committee

#### Appointed by the Dairy Expert Committee:

Mr Pat Flahive, Kerry Co-operative Creameries Ltd, Mr Jim Russell, Centenary Thurles Co-operative Society Ltd., and Mr John Ahern, North Cork Co-operative Creameries Ltd.

#### Appointed by the Mart Expert Committee:

Mr Liam Williams, Clare Marts Ltd., Mr Oliver Manly, Cork Co-operative Marts Ltd, and Mr Michael Spellman, Roscommon Co-operative Livestock Mart Ltd.

#### Elected/Appointed from Group E Co-operatives:

Mr Seumas O'Brien, Irish Farm Accounts Co-operative Society Ltd., Mr Brendan O'Mahony, National Federation of Group Water Schemes Ltd., Mr. James O'Donnell, National Co-operative Farm Relief Services Ltd., Mr Pat Ruxton, Corrduff Corrahara Group Water Scheme Ltd., Mr Dan Joe O'Donovan, Farm Development Co-operative Ltd., Mr Donal Cashman, Irish Farm Account Co-operative Society Ltd.

## Chairmen of Expert Committees

The following chairmen were elected:

#### Dairy:

Mr Dermot O'Leary, Bandon Co-operative Creamery Ltd

#### Marts:

Mr Michael Spellman, Roscommon Livestock Mart Ltd

#### Rural Business:

Mr Seumas O'Brien, IFAC Ltd.

# Representation of ICOS on Other Bodies

At their Board meeting on the 21st July 2010, the Board of ICOS made the following appointments or re-appointments to the bodies listed below.

## ICOS Services Limited

Mr. Pat McLoughlin, President, ICOS Ltd., Mr Bertie O'Leary, Vice President, ICOS Ltd., Mr John Tyrrell, Mr Seamus O'Donohoe.

## Irish Co-operative Society Pension Scheme

Mr Padraig Gibbons, Mr Bertie O'Leary, and John Tyrrell.

## Irish Foundation for Co-operative Development

Mr John Tyrrell, Mr. Seumas O'Brien, Irish Farm Accounts Co-operative Society Ltd, Mr Pat Flahive, Kerry Co-operative Creameries Ltd., Mr. Padraig Young, and Mr. Jim Russell.

## Golden Jubilee Trust Limited

Mr Pat McLoughlin, (President), Mr Bertie O'Leary, (Vice-President), Mr. John Tyrrell, Mr Seamus O'Donohoe, Dr Noel Cawley and Dr. Sean Brady.



## ICOS Board

Back Row L-R: Pat Flahive, Kerry Co-op, Michael Spellman, Roscommon Mart, Padraig Gibbons, Connacht Gold, Jim Russell, Centenary Thurles Co-op, Dermot O'Leary, Bandon Co-op, Liam Herlihy, Glanbia Co-op, John O'Brien, Barryroe Co-op.  
Front Row: John O'Brien, Central Auctions, Seamus O'Donohoe, Bertie O'Leary, Dairygold Co-op, Pat McLoughlin, Arrabawn Co-op, Tom O'Callaghan, ICOS CEO, Seumas O'Brien, IFAC.

# Appointments by ICOS to Various Bodies

## Irish Dairy Board

Teagasc

IFAC

NDC

NESC

Dairy Research Trust Board

Milk Quota Appeals Tribunal

Milk Quota Review Group

AEMB

WTO Consultation Committee

COGECA Presidium

Structural Funding Monitoring Committee

Productive Sector Food Monitoring Committee

CSO Agricultural Statistics

Mr. Jim Russell

Mr. Padraig Gibbons

Mr. Seumas O'Brien

Mr. Padraig Gibbons

Mr. Seamus O'Donohoe

Mr. Tom Corcoran Mr. Padraig Gibbons Mr. Matt Quinlan

Mr. John Tyrrell

Mr. George Kearns

Mr. Ray Doyle

Mr. John Tyrrell

Mr. Pat McLoughlin

Mr. John Tyrrell

Mr. John Tyrrell

Mr. Seamus O'Donohoe

# ICOS Representatives on Brussels Based Committees

Representation Topic	COGECA	EU Standing Committees
COGECA Presidium	Pat McLoughlin	
CAP	Conor Mulvihill	
Milk & Dairy Products	TJ Flanagan/Conor Mulvihill	TJ Flanagan
Beef	Ray Doyle/Conor Mulvihill	Ray Doyle
European Association of Livestock Marts	Michael Spellman / Ray Doyle	
Agricultural Structures & Rural Development	Conor Mulvihill	Conor Mulvihill
Environment	Conor Mulvihill	Ray Doyle
Veterinary Questions	TJ Flanagan	TJ Flanagan
Legal Questions	Seamus O'Donohoe	
Quality & Health	Conor Mulvihill	
Promotion of Agricultural Products	Conor Mulvihill	Conor Mulvihill
European Network on Rural Development	Conor Mulvihill	Aidan McCabe
Feeds	Conor Mulvihill	

## Co-operative Sector Activity

### Registration of New Societies

21 new societies were registered in 2010. 12 of these societies were group water schemes; with the others servicing such sectors as; community development (2), Embryo Marketing (1), services supply (3), taxi co-operative (1), Wind Energy Co-operative (1) and Football Supporters club (1).

### Amendments of Rules

Forty three societies had their rules completely amended by ICOS and six societies were assisted in partially amending their rules.

### New Members

The Irish Texel Sheep Society Ltd was accepted into ICOS membership in 2010.

### Voluntary Winding Up

During the year the voluntary winding up of the Irish Dairy Records Society was commenced and this work will be completed in 2011.

### Rules Work in Progress

During the year, work on complete amendment of rules was progressed for Callan CADS Ltd, Ballinasloe Co-operative Livestock Mart Ltd, Templecrone Co-operative Ltd and Meitheal Forbartha Na Gaoithe Teo.

# Associated ICOS Functions and Entities

ICOS facilitates and manages a number of initiatives and companies for the benefit of our membership, for example;

- Pensions
- Group Purchasing Co-op
- IMQCS

## IMQCS



The Irish Milk Quality Co-operative (IMQCS) has been central to promoting milk quality over the past five years. The website ([www.milkquality.ie](http://www.milkquality.ie)) of the IMQCS is updated twice per year, the recent update has now been completed. The website contains numerous presentations on milk quality including an update on flukicides and detergents. In addition, the website contains the names, addresses and telephone numbers of all milking machine technicians registered with the IMQCS and dairy co-operatives are recommended to highlight the names of those technicians in their own particular areas. This year the IMQCS has undertaken a one-day refresher course for all milking machine technicians. In addition, a training course for new technicians commences with the first module on 18<sup>th</sup> May and the second module at the end of June. This course is totally booked out and a booking list for 2012 is currently in place. A number of co-operatives have used this training course over the past few years to bring field staff up to date on the technical aspects of the milking machine.

The main programme of focus for 2011 is the Cell Check programme.

## Pensions

ICOS Ltd is the registered formal administrator for two group industry-wide pension schemes, the Irish Co-operative Societies' Pension Scheme and the Dairy Executive Pension Fund, covering 35 contributing co-operatives. Extracting highlights from the most recent year-ends statistics of the schemes:

- Aggregate membership of the two schemes comprises 918 current employees in membership, 1,310 former employees, and 1,213 pensioners in receipt of monthly pensions.
- Assets under professional management amounted to €129 million (invested in global equities, international government and corporate bonds, and commercial property).

ICOS pension personnel handle the running of the active membership and trustee responsibilities of the schemes, payment of the monthly pension payrolls, and administrative functions in the governance/financial control areas.

In a typical year, the ICOS pensions department handles in excess of 2,000 phone calls, administers about 100 new retirement/deaths, and answers enquiries from several hundred former members, in addition to providing contribution and year-end reports for participating co-ops. It also manages the other professional inputs into the schemes from actuaries, investment firms, insurers, legal advisors and audit services.

## Co-op Source



ICOS helps facilitate a purchasing group comprising 18 Co-ops with total purchases of in excess of €23m. The "Co-op Source" branded product groupings expanded again in 2010 to now having a compliment of seven product groupings under our brand these being;

- Crop packaging
- Animal mineral supplements
- Dairy Detergents
- Clothing
- Grass Seeds
- Milking Machine filter socks
- Cow teat foam sanitizer

The purchasing group's membership extends throughout the country with Inishowen Co-op in north Donegal to Wexford Farmers Co-op in the south east to Drinagh Co-op in the south west. The Group is headquartered in the ICOS office in Cork.

Its plans for the coming year are to continue to further enhance the groups buying power, to improve margins for our Member Co-ops to place greater emphasis on the promotion of our Co-op Source branded product range and to seek to have new Co-ops join the Group.

# Industrial and Provident Societies Act 1893-1978

The work of the Co-operative Legislation Unit within the Department of Enterprise Trade and Employment on a review of the Industrial & Provident Societies Act 1893-1978 is ongoing. Proposals regarding the making of certain technical changes that will give societies greater flexibility in regard to their choice of year-end and in regard to the date by which they must submit annual returns have been agreed with the Department of Enterprise Trade and Employment and it is anticipated that statutory approval will be sought for these measures in the current year.

board and executives in most of our processing and non-processing co-operatives. The main impetus for this review is the perceived financing needs of the dairy processing sector in the post quota environment. All three ICOS Expert Committees are involved in the work. Because of the varied nature of the existing ownership structures in many of our dairy co-operatives, achieving consensus around one common shares policy is challenging. Despite this, the continued exchanges with Boards and Executives has resulted in a measure of clarification as to the key policy issues affecting shares policy. Work on the revised shares policy is ongoing.

## Shares Policy

Work continued in 2010 in reviewing the ICOS shares policy. Views were sought and discussions held individually with the



# Statement of the Society's and the Board's Responsibilities

The Board is responsible for causing to be prepared financial statements which give a true and fair view in accordance with applicable Irish law including the Industrial and Provident Societies Acts, 1893 to 1978 and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and Published by Chartered Accountants Ireland. In causing the preparation of the financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board confirms that it has complied with the above requirements in preparing the financial statements.

The Society is responsible for causing to be kept proper books of account such as are necessary to give a true and fair view of the state of affairs of the Society and to explain its transactions.

The Board is also responsible for safeguarding the assets of the Society and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

## **On behalf of the Board:**

**President:** Pat McLoughlin

**Chief Executive Officer:** Tom O'Callaghan

**Secretary:** Co-operative Consultancy Services (CCS) Limited

**Date:** 20<sup>th</sup> April 2011

# Independent Auditor's Report to the Members of Irish Co-Operative Organisation Society Limited

We have audited the financial statements on pages 5 to 15. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page 5.

## Respective Responsibilities of the Board and Auditors

The Board's responsibilities for preparing the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of the Society's Board's Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 13 of the Industrial and Provident Societies Act, 1893 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

As agreed with the Board, we report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of accounts. We also report to you our opinion as to whether the Society has kept proper books of account.

## Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Society at 31 December 2010 and of its surplus for the year then ended.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of accounts have been kept by the Society. The financial statements are in agreement with the books of accounts.

In accordance with Section 13 of the Industrial and Provident Societies Act, 1893, we now sign the same as found to be correct, duly vouched and in accordance with law.

**84, Northumberland Road  
Ballsbridge  
Dublin 4**

**Date:** 21 April 2011

**Duignan Carthy O'Neill  
Chartered Accountants  
Registered Auditors**

# Extract from the Financial Statements

## Accounting Policies

The significant accounting policies adopted by the Society are as follows:

### Basis of Preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Industrial Provident Societies Acts, 1893 to 1978. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Accounting Standards Board.

### Societies' Contributions

Contributions from societies are taken into credit of the income and expenditure account for the year in which such contributions are received and arrears are not included at the year-end.

### Other Income

Income, other than Societies' contributions, represents the value of services supplied to external customers. ICOS Skillnet income and expenses are included in the financial statements from the 1<sup>st</sup> January 2009. Certain comparative figures are reclassified for presentation purposes.

### Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of the fixed assets over their estimated useful lives by equal annual instalments.

### Retirement Benefits

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

Gains and losses arising on settlement and curtailment are recognised immediately in the profit and loss account at the date on which all parties whose consent is required are irrevocably committed to the transaction.

### Deferred Taxation

Deferred taxation is provided on timing differences.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

### Foreign Currencies

Current assets and current liabilities denominated in foreign currencies are translated into euro ("€") at the rates of exchange ruling at the balance sheet date.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the income and expenditure account.

# Income and Expenditure Account

## Year ended 31 December 2010

	<u>Notes</u>	2010 €	2009 €
<b>Income</b>			
Societies' contributions received		1,415,853	1,353,500
Other income & management recharges		380,197	517,181
Seminars, training and education		256,770	368,799
Grants & management recharges received from The Golden Jubilee Trust Fund		68,809	229,377
		<hr/> 2,121,629	<hr/> 2,468,857
<b>Pension Curtailment Gain</b>	<b>6</b>	<b>1,996,313</b>	<b>-</b>
<b>Expenditure</b>			
<b>Payroll</b>			
Salaries and state insurance		1,045,536	1,019,611
Pension cost – current service		69,594	84,570
		<hr/> 1,115,130	<hr/> 1,104,181
<b>Travel and services</b>			
Travel expenses		167,519	186,937
Public relations, education and training		280,310	411,598
Postage and telecommunications		37,182	34,721
Printing and stationery		14,853	4,273
		<hr/> 499,864	<hr/> 637,529
<b>Overheads</b>			
Rent, rates, light, insurance and household expenses		187,670	200,746
Subscriptions		41,620	49,737
Professional fees		371,986	149,430
Maintenance and repairs		15,348	24,917
Depreciation of fixed assets		10,320	16,813
Restructuring expenses		1,148,870	-
Miscellaneous expenses		63,083	46,501
		<hr/> 1,838,897	<hr/> 488,144
<b>Finance costs</b>			
Finance expense/(income) – pensions	6	12,000	88,000
Interest and charges		47,400	881
		<hr/> 59,400	<hr/> 88,881
		<hr/> 3,513,291	<hr/> 2,318,735
<b>Surplus for the year before state grant and taxation</b>		<hr/> 604,651	<hr/> 150,122

### On behalf of the Board:

**President:** Pat McLoughlin

**Chief Executive Officer:** Tom O'Callaghan

**Secretary:** Co-operative Consultancy Services (CCS) Limited

## General Revenue Account and Statement of Total Recognised Gains and Losses Year ended 31 December 2010

	<u>Notes</u>	2010 €	2009 €
<b>Surplus for the year before state grant and taxation</b>		604,651	150,122
State Grant		12,000	13,000
<b>Surplus on ordinary activities before taxation</b>		616,651	163,122
Taxation	1	1,157	(14,841)
<b>Surplus for the year</b>		617,808	148,281
Actuarial (loss)/gain in respect of pension scheme		(559,000)	558,000
<b>Total recognised gains and losses relating to the year</b>		58,808	706,281
<b>Total recognised gains and losses since the last financial statement</b>		58,808	706,281

All income and expenditure arises solely from continuing operations.

**On behalf of the Board:**

**President:** Pat McLoughlin

**Chief Executive Officer:** Tom O'Callaghan

**Secretary:** Co-operative Consultancy Services (CCS) Limited



**Balance Sheet**  
**Year ended 31 December 2010**

	<u>Notes</u>	2010 €	2009 €
<b>Current assets</b>			
Bank balances and cash		793,370	886,329
Debtors and prepayments	2	232,137	431,695
		<hr/> 1,025,507	<hr/> 1,318,024
<b>Fixed assets</b>	3	24,429	31,511
		<hr/> 1,049,936	<hr/> 1,349,535
<b>Creditors due within one year</b>			
Creditors and accruals	4	1,584,008	819,125
<b>Creditors due after one year</b>			
Bank Term Loan		556,529	-
<b>Loan from the Golden Jubilee Trust Fund</b>	5	200,000	209,507
<b>Pension liability</b>	6	-	1,670,313
<b>Capital employed</b>			
Share capital	7	134	133
General Revenue account deficit	8	(1,290,735)	(1,349,543)
<b>Shareholders deficit</b>	9	(1,290,601)	(1,349,410)
		<hr/> 1,049,936	<hr/> 1,349,535

**On behalf of the Board:**

**President:** Pat McLoughlin

**Chief Executive Officer:** Tom O'Callaghan

**Secretary:** Co-operative Consultancy Services (CCS) Limited

**Date:** 20<sup>th</sup> April 2011

# Notes to the Financial Statements

## 1. Taxation

	2010 €	2009 €
Current tax:		
Irish corporation tax charge on surplus for the year	-	14,841
Prior Years	(1,157)	-
	<hr/>	<hr/>
Current tax charge for the year	(1,157)	14,841
	<hr/>	<hr/>

The current tax charge for the year is different from the credit/(charge) that would result from applying the standard rate of Irish corporation tax to the surplus for the year. The differences are explained below:

	2010 €	2009 €
Surplus on ordinary activities before taxation	616,651	163,122
	<hr/>	<hr/>
Surplus for year multiplied by the average rate of Irish corporation tax for the year of 12½%	77,081	20,390

### ***Effect of:***

Pension contribution relief in excess of pension cost charge	(75,511)	(6,146)
Depreciation in excess of capital allowances	(638)	225
Tax on Higher rates	1,382	372
Tax on prior year adjustment	(1,157)	-
	<hr/>	<hr/>
Current tax for the year	(1,157)	14,841
	<hr/>	<hr/>

# Notes to the Financial Statements – *continued...*

## 2. Debtors and prepayments

	2010 €	2009 €
Trade debtors	17,217	79,332
Prepayments and other debtors	64,103	96,100
VAT	3,815	-
<b>Amounts due from related parties:</b>		
ICOS Skillnet project	4,000	23,500
Golden Jubilee Trust Fund	62,864	-
Irish Co-operative Organisation Society Limited Pension Fund	-	232,732
Irish Co-operative Societies Pension Scheme	79,985	-
Other Debtors	153	31
	<u>232,137</u>	<u>431,695</u>

## 3. Fixed assets

	Furniture, fittings & equipment €	Computer equipment €	Motor vehicles €	Total €
<b>Cost</b>				
At 31 December 2009	70,236	66,072	24,190	160,498
Additions	599	2,639	-	3,238
Disposal	-	-	(24,190)	(24,190)
At 31 December 2010	<u>70,835</u>	<u>68,711</u>	<u>-</u>	<u>139,546</u>
<b>Accumulated depreciation</b>				
At 31 December 2009	48,634	56,163	24,190	128,987
Charge for year	3,972	6,348	-	10,320
Disposal	-	-	(24,190)	(24,190)
At 31 December 2010	<u>52,606</u>	<u>62,511</u>	<u>-</u>	<u>115,117</u>
<b>Net book amounts</b>				
At 31 December 2010	<u>18,229</u>	<u>6,200</u>	<u>-</u>	<u>24,429</u>
At 31 December 2009	<u>21,602</u>	<u>9,909</u>	<u>-</u>	<u>31,511</u>

The estimated useful lives of fixed assets by reference to which depreciation is calculated are as follows:

Furniture, fittings and equipment	10 years
Computer equipment	3 years
Motor vehicles	5 years

## Notes to the Financial Statements – *continued...*

### 4. Creditors due within one year

	2010	2009
	€	€
Creditors and accruals	537,908	276,558
Bank Loan (a)	142,928	-
Taxation	24,281	38,455
Corporation tax	(2,764)	(7,615)
<b>Amounts due to related parties:</b>		
ICOS Services Co-Operative Society Limited	146,259	297,939
Golden Jubilee Trust Fund	735,396	213,788
At 31 December 2010	<u>1,584,008</u>	<u>819,125</u>

(a) The Bank Loan is secured by assignment of a Deposit Account for €500,000.

### 5. Loan from the Golden Jubilee Trust Fund

This loan is interest free and carries no fixed repayment terms.

### 6. Retirement benefits

The Society's contributions to PRSA's are charged to the Income and Expenditure Accounts as incurred and amounted to €54,334 (2009: €22,051) in this year.

The employer decided to exercise its right to cease contributing to the ICOS Staff Pension Scheme (the scheme) on the 24<sup>th</sup> February, 2010 and the scheme is being wound up.

The Society operates a defined benefit pension scheme with assets held in a separately administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Society. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 December 2006 and is available for inspection by the scheme members but not for public inspection.

An actuarial valuation, on which the amounts recognised in the financial statements are based, was carried out at 31 December 2010 and the main financial assumptions used were:

	2010	2009	2008
Rate of increase in salaries	2.00%	2.00%	2.00%
Rate of increase in pensions in payment	3.00%	3.00%	3.00%
Discount rate	5.00%	5.50%	5.70%
Inflation assumption	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>

## Notes to the Financial Statements – *continued...*

### 6. Retirement benefits – *continued...*

The assets in the scheme and the expected rate of return are:

	Long-term rate Expected at 31/12/2010	Market Value at 31/12/2010 €'000	Long-term rate Expected at 31/12/2009	Market Value at 31/12/2009 €'000	Long-term rate Expected at 31/12/2008	Market Value at 31/12/2008 €'000
Equity	0.00%	-	8.00%	1,962	8.50%	1,917
Bonds	0.00%	-	4.10%	1,608	3.75%	607
Property/Other	0.00%	-	6.00%	126	6.00%	328
Total market Value of assets		-		3,696		2,852
Present value of scheme liabilities		-		(5,366)		(5,135)
Net pension liability		-		(1,670)		(2,283)

	2010 €'000	2009 €'000
<b>Movement in deficit during the year</b>		
Deficit in scheme at beginning of the year	(1,670)	(2,283)
Movement in the year:		
Settlement gain	1,996	-
Interest Cost	(12)	(88)
Current service cost	(23)	(66)
Contributions	268	209
Actuarial gain/(loss)	(559)	558
Deficit in scheme at the end of the year	-	(1,670)

The pension scheme trustees have implemented changes in the scheme benefits from the 1<sup>st</sup> March 2006, including a reduction in benefits and an employee contribution. The impact of these changes on the scheme deficit has been assessed by the actuary and is reflected in the financial statements.



# Notes to the Financial Statements – *continued...*

## 6. Retirement benefits – *continued...*

The following amounts have been recognised in 2010 in respect of the defined benefit pension scheme:

	<b>2010</b> <b>€'000</b>	<b>2009</b> <b>€'000</b>
<b>Charged to operating profit</b>		
Current service cost	23	66
	<hr/> 23	<hr/> 66
<b>Charged to other finance expense</b>		
Expected return on pension scheme assets	(37)	(207)
Interest on pension liabilities	49	295
Curtailment expenses/(gains)	(1,996)	-
	<hr/> (1,984)	<hr/> 88
Net return		
	<hr/> (1,984)	<hr/> 88
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>		
Actual return less expected return on assets	246	489
Experience gains and losses on liabilities	(98)	243
Changes in assumptions	(707)	(174)
	<hr/> (559)	<hr/> 558
Actuarial (loss)/gain		
	<hr/> (559)	<hr/> 558

	<b>31/12/2010</b> <b>€'000</b>	<b>31/12/2009</b> <b>€'000</b>	<b>31/12/2008</b> <b>€'000</b>	<b>31/12/2007</b> <b>€'000</b>
<b>History of experience gains and losses</b>				
Difference between experience and actual return on scheme assets				
- amount (€)	246	489	(2,287)	(594)
- percentage of the present value of the scheme assets	none	13.2%	(80.2%)	(12.8%)
	<hr/>	<hr/>	<hr/>	<hr/>
Experience gains and losses on scheme liabilities:				
- amount (€)	(98)	243	(25)	(19)
- percentage of the present value of the scheme liabilities	none	4.5%	(0.5%)	(0.4%)
	<hr/>	<hr/>	<hr/>	<hr/>
Total amount recognised in statement of total recognised gains and losses:				
- amount (€)	(559)	558	(1,946)	(168)
- percentage of the present value of the scheme assets	none	15.1%	(68.2%)	(3.2%)
	<hr/>	<hr/>	<hr/>	<hr/>

# Notes to the Financial Statements – *continued...*

## 7. Share capital

	<u>Number</u>	<u>€</u>
At 31 December 2010	134	134

During the year there were one new affiliation and no disaffiliations.

## 8. General revenue account deficit

	<b>2010</b> <u>€</u>	<b>2009</b> <u>€</u>
At the beginning of the year	(1,349,543)	(2,055,824)
Total recognised gains and losses related to the year	58,808	706,281
At the end of the year	(1,290,735)	(1,349,543)

## 9. Reconciliation of movements in shareholders' deficit

	<b>2010</b> <u>€</u>	<b>2009</b> <u>€</u>
Surplus for the year	617,808	148,281
Other recognised gains and losses relating to the year	617,808 (559,000)	148,281 558,000
Net reduction in shareholders' surplus/(deficit)	58,808	706,281
Shareholders' deficit at beginning of the year	(1,349,410)	(2,055,689)
Share Capital new affiliations	1	2
Share Capital disaffiliations	-	(4)
	(1,290,601)	(1,349,410)

## 10. Related parties

The Society, ICOS Services Co-Operative Society Limited, Golden Jubilee Trust Fund, Irish Foundation for Co-Operative Development Limited, Dairy Executive Pension Scheme and Irish Co-operative Society Pension Scheme are related parties under Financial Reporting Standard No. 8 – "Related party disclosures". Amounts owing at the year end 31 December 2010 are the Golden Jubilee Trust Fund €62,864, Irish Co-operative Societies Pension Scheme €79,985 and ICOS Skillnet project €4,000. Amounts owed by ICOS at 31 December 2010 are ICOS Services Co-Operative Society Limited €146,259 and the Golden Jubilee Trust Fund €935,396.

## 11. Approval of financial statements

The Board approved the financial statements on the 20<sup>th</sup> April 2011.

# Dairy Co-operative Statistics

## Dairy Co-operative Societies 2009

### Trading performance €000

### Balance sheet €000

### Assets employed

### Financed by

Society	Employees		Net profit /		Net profit /		Tangible	Total assets less	Shareholders /	Bank overdraft /		Debt / equity
	Members	(inc part time)	Total sales	EBITDA	(loss) before tax	(loss) as a % sales				loans & finance	Other	
							fixed assets	current liabilities	Members Funds	leases		ratio
Arbawn	5,657	206	125,820	5,388	1,879	1.49%	27,727	36,713	28,916	7,102	685	24.55%
Bandon	680	88	48,859	3,226	2,665	5.50%	8,891	57,440	51,445	1,766	4,229	3.43%
Barrroce	670	170	77,366	6,297	4,249	5.49%	33,604	72,750	56,331	14,052	2,357	24.95%
Bethune	160	53	13,043	206	23	0.18%	3,113	7,398	7,377	0	16	0.00%
Callan	140	30	10,791	529	257	2.38%	2,101	5,181	5,087	0	94	0.00%
Canterbury Thules	1,276	127	55,619	1,842	440	0.79%	15,972	33,436	29,451	0	3,985	0.00%
Connacht Gold	14,100	560	264,272	9,946	1,870	0.71%	33,701	64,982	32,462	23,742	8,778	73.14%
Corcaghan	290	47	3,058	52	-18	-0.59%	1,466	2,929	2,413	134	382	5.55%
Dairy Gold	8,994	984	555,175	30,013	10,446	1.88%	127,948	285,492	220,080	77,886	-12,484	35.39%
Dropey	90	3	1,966	38	31	1.58%	21	1,072	1,072	0	0	0.00%
Drogeel	1,963	304	113,271	3,733	46	0.04%	52,885	84,604	59,038	20,155	5,355	34.11%
Diragh	2,513	191	67,727	3,664	1,686	2.50%	20,707	82,780	71,539	11,177	64	15.62%
Dromore	181	5	4,462	82	48	1.08%	72	1,738	1,738	0	0	0.00%
Fedlesbridge	346	8	5,741	-348	-383	-6.67%	264	3,734	3,408	0	331	0.00%
Garbia	17,837	3,418	1,830,327	208,422	143,032	7.81%	363,152	1,088,298	290,885	442,618	354,785	152.16%
Irish Dairy Board	50	3,820	1,822,753	66,251	31,949	1.75%	123,352	468,682	384,465	26,198	58,019	6.81%
Kerry Group	9,700	21,997	4,520,746	435,734	251,866	5.57%	988,744	3,000,364	1,284,055	1,159,476	556,833	90.30%
Lakeland Dairies	4,126	600	335,979	13,008	1,419	0.42%	52,730	107,679	71,103	20,246	16,330	28.47%
Lee Strand	280	66	20,589	-5,842	-7,495	-36.40%	22,623	16,748	14,325	27,548	-25,125	192.31%
Lisacaird	1,109	86	45,251	3,029	1,768	3.91%	11,134	54,687	49,821	5,370	-504	10.78%
Muckabawn	190	7	4,531	28	20	0.44%	190	1,180	1,180	0	0	0.00%
Mullinamore	62	77	20,166	916	353	1.75%	4,072	6,011	5,230	214	557	4.09%
Newtownsandes	180	12	8,520	-496	-528	-6.20%	84	4,363	4,363	0	0	0.00%
North Oak	550	44	24,964	325	-145	-0.58%	2,084	8,273	8,261	0	12	0.00%
Tipperary	1,831	129	125,279	3,292	369	0.29%	19,912	31,105	24,758	13,390	-7,043	54.08%
Town of Monaghan	1,500	120	135,564	4,230	1,868	1.38%	4,228	32,789	33,246	0	-457	0.00%
Wexford	397	2	24,288	-100	-112	-0.46%	9	1,900	1,900	0	0	0.00%
<b>Total</b>	<b>74,882</b>	<b>33,104</b>	<b>10,266,157</b>	<b>798,480</b>	<b>447,633</b>	<b>4.38%</b>	<b>1,925,786</b>	<b>5,562,323</b>	<b>2,744,019</b>	<b>1,851,075</b>	<b>967,229</b>	<b>67.48%</b>

# Not applicable

NA Not Available

EBITDA Earnings before interest, tax, depreciation & amortisation

# Mart Co-operative Statistics

## Mart Co-operative Societies 2009

Society	Trading performance €000							Balance sheet €000				
	Members	Employees (inc part/time)	Total sales	EBITDA	Net profit / (loss) before tax	Net profit / (loss) as a % sales	Tangible fixed assets	Total assets less current liabilities	Shareholders / Members Funds	Bank overdraft / loans & finance leases	Other	Debt / equity ratio
Atherry	1,200	17	636	154	60	9.43%	3,983	6,472	6,410	0	62	0.00%
Ballyjamesduff	441	40	20,467	146	46	0.22%	872	3,143	3,129	0	14	0.00%
Castleisland	312	23	29,672	142	88	0.30%	1,058	2,909	2,843	556	-490	19.56%
Castlerea	700	29	19,049	193	144	0.76%	851	1,591	1,591	126	-126	7.92%
Central Auctions	1,500	30	1,183	270	154	13.02%	1,466	4,267	4,204	0	63	0.00%
Clare	2,450	39	1,664	131	-4	-0.24%	2,840	6,948	6,366	0	582	0.00%
Cork Marts	10,500	100	8,402	1,447	569	6.77%	44,836	44,677	22,340	20,041	2,296	89.71%
East Donegal	283	21	447	36	5	1.12%	500	1,073	1,073	0	0	0.00%
Iveragh	400	10	154	3	-8	-5.19%	425	295	227	1	67	0.44%
Kanturk	169	21	404	-178	-211	-52.23%	1,679	300	1,878	77	-1,655	4.10%
Kenmare	380	17	315	67	51	16.19%	480	698	692	244	-238	35.26%
Kilkenny	1,200	30	1,379	-3,558	-4,519	-327.70%	21,971	12,808	10,179	9,475	-6,846	93.08%
Kingdom	727	10	364	93	4	1.10%	1,184	2,188	1,131	1,396	-339	123.43%
Mayo Sligo	785	20	535	124	85	15.89%	702	3,702	3,702	0	0	0.00%
Mid Tipperary	700	26	579	-83	-128	-22.11%	275	1,322	1,280	0	42	0.00%
Roscommon	484	36	767	86	83	10.82%	2,985	3,402	1,891	1,210	301	63.99%
Templemore	NA	NA	6,289	12	5	0.08%	222	541	541	0	0	0.00%
Tuam	1,300	15	3,607	282	228	6.32%	1,000	1,368	1,338	328	-298	24.51%
Waterford / Ross	1,155	17	298	74	52	17.45%	754	693	531	414	-252	77.97%
Wexford Farmers	3,500	181	65,362	753	-495	-0.76%	23,807	37,423	30,200	11,890	-4,667	39.37%
<b>Total</b>	<b>28,186</b>	<b>682</b>	<b>161,573</b>	<b>194</b>	<b>-3,791</b>	<b>-2.35%</b>	<b>111,890</b>	<b>135,820</b>	<b>101,546</b>	<b>45,758</b>	<b>-11,484</b>	<b>45.06%</b>

### Not Listed

Leinster  
Mid Kerry

NA Not Available

EBITDA Earnings before interest, tax, depreciation & amortisation

# Fishing Co-operative Statistics

## Fishing Co-operative Societies 2009

Trading performance €'000								Balance sheet €'000					
Society	Members	Employees (inc part-time)	Total sales	EBITDA	Net profit /	Net profit /	Tangible	Total assets	Shareholders /	Financed by			Debt / equity ratio
					(loss) before tax	(loss) as a % sales				fixed assets	less current liabilities	Members Funds	
Castletownbere	85	44	24,596	394	121	0.49%	3,270	5,022	2,745	3,367	-1,090	122.66%	
Galway & Aran	N/A	8	6,588	-28	-67	-1.02%	722	924	554	185	185	33.39%	
Clogherhead	N/A	7	7,469	14	26	0.35%	30	535	535	128	-128	23.93%	
Total	85	59	38,653	380	80	0.21%	4,022	6,481	3,834	3,680	-1,033	95.98%	
Not Listed													
Burtonport													
Donegal													
Foyle													
EBITDA	Earnings before interest, tax, depreciation & amortisation												

# Other Co-operative Statistics

## Other Co-operative Societies 2009

										Balance sheet €'000		
Society	Members	Employees (inc part-time)	Total sales	EBITDA	Net profit / (loss) before tax	Net profit / (loss) as a % sales	Tangible fixed assets	Total assets less current liabilities	Shareholders / Members Funds	Financed by		
										Bank overdraft / loans & finance leases	Other	
<b>Cattle Breeding Societies</b>												
SECBS	30,447	54	3,082	-164	-276	-8.96%	6,513	8,758	7,842	852	64	
<b>Store Societies</b>												
Oldcastle	500	12	6,495	-59	-128	-1.97%	1,303	2,053	1,230	769	54	
Templercrone	1,407	116	17,353	1,291	736	4.24%	8,810	680	9,813	1,477	-10,610	
Inishowen	2,500	65	18,304	446	106	0.58%	4,046	9,853	7,351	258	2,244	
<b>Specialist Breeding Societies</b>												
Irish Angus Cattle	1,147	2	248	62	58	23.39%	168	685	685	0	0	
Irish Charolais Cattle	6,141	4	859	72	63	7.33%	24	1,842	1,842	0	0	
Irish Limousin	2,450	5	637	84	72	11.30%	307	867	867	0	0	
<b>Miscellaneous Societies</b>												
CMP	108	11	139,008	1,486	480	0.35%	9,981	11,056	1,884	6,500	2,672	
County Markets	1,000	1	2,338	14	11	0.47%	17	291	291	0	0	
IFAC	15,946	123	12,610	1,254	934	7.41%	3,534	13,400	13,400	0	0	
Irish Horse Board	22,207	0	332	-49	-32	-9.64%	0	120	120	0	0	
FDC	489	0	212	166	126	59.43%	2,114	2,576	2,576	0	0	
Nat Co-op Farm Relief	10	11	1,076	75	69	6.41%	156	1,081	1,081	0	0	
NFGWS	391	10	900	142	126	14.00%	25	706	706	0	0	
Irish Co-op Society #	N/A	N/A	17	-1	-2	-11.76%	6	7	3	2	2	
<b>Total</b>	<b>84,743</b>	<b>414</b>	<b>203,471</b>	<b>4,819</b>	<b>2,343</b>	<b>1.15%</b>	<b>37,004</b>	<b>53,975</b>	<b>49,691</b>	<b>9,858</b>	<b>-5,574</b>	

**Not Listed**  
Store Societies  
Clonleigh  
Pig Societies  
Roughly Valley  
Specialist Breeding Societies  
Irish Blonde D'Aquitaine Breed  
Irish Simmental  
Miscellaneous Societies  
Killasnett

**N/A** Not Available

**#** Prior year figure

**EBITDA** Earnings before interest, tax, depreciation & amortisation



# Summary of Co-operative Statistics

## Summary Co-operative Statistics 2009

	Total	Dairies	Marts	Fishing	Others
Number of Societies	65	27	20	3	15
Members	187,896	74,882	28,186	85	84,743
Employees	34,259	33,104	682	59	414
<b>Trading Performance (€'000)</b>					
Total Sales	10,669,854	10,266,157	161,573	38,653	203,471
Net profit / (loss) before tax	446,265	447,633	-3,791	80	2,343
Net Profit / (Loss) as a % of Sales	4.18%	4.36%	-2.35%	0.21%	1.15%
<b>Balance Sheet (€'000)</b>					
Tangible fixed assets	2,078,702	1,925,786	111,890	4,022	37,004
Total assets less current liabilities	<u>5,758,599</u>	<u>5,562,323</u>	<u>135,820</u>	<u>6,481</u>	<u>53,975</u>
Shareholders / Members Funds	2,899,090	2,744,019	101,546	3,834	49,691
Bank overdraft / loans & finance leases	1,910,371	1,851,075	45,758	3,680	9,858
Other	<u>949,138</u>	<u>967,229</u>	<u>-11,484</u>	<u>-1,033</u>	<u>-5,574</u>
<b>Debt / equity ratio</b>	<b><u>65.90%</u></b>	<b><u>67.46%</u></b>	<b><u>45.06%</u></b>	<b><u>95.98%</u></b>	<b><u>19.84%</u></b>

## Notes

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## Notes

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