



What is a Co-operative?

WHAT IS A CO-OPERATIVE?

A co-operative, known as an Industrial and Provident Society under Irish legislation, is:

- ☘ An autonomous enterprise
- ☘ Owned and controlled by its user members
- ☘ Operating for the benefit of its user members

FUNDAMENTAL STRUCTURE

The structure of a co-operative is fundamentally a form of corporate body that:

- ☘ Enjoys separate legal personality from that of its shareholders – similar to a limited company
- ☘ Is a limited liability corporate body – its shareholders are only liable to the extent of the capital they have invested in the co-operative
- ☘ has a similar legal status and performs the same variety of operational activities as any other corporate structure

However, there are some key distinctions...

THE KEY DISTINCTIONS

Within a co-operative there is democratic member control of its activities via:

- ☘ A democratically elected board of directors; and
- ☘ Specific matters reserved for approval by the members present and voting at a general meeting whether by an ordinary, two-thirds or special majority

ICOS

ICOS has been promoting and developing co-operatives in Ireland for more than 125 years. The co-operative in Ireland has experienced significant success, particularly in the agricultural sector. ICOS is constantly exploring other sectors that show potential for the model. This work has become increasingly relevant amid challenges such as climate change, income inequality and COVID-19.

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CORPORATE STRUCTURE COMPARISON

ITEM	CO-OPERATIVE	COMPANY LIMITED BY SHARES	COMPANY LIMITED BY GUARANTEE
Limited Liability	Yes (value of the share capital held by the individual members)	Yes (value of share capital subscribed to by member)	Yes (value of guarantee subscribed to by member)
Membership	Unlimited number	Maximum of 149	Unlimited Number
Ability to raise funds via share capital	Yes	Yes	Not applicable
Can reduce or expand share capital	Yes	Strictly controlled	No
Minimum number of members	7 natural persons or 2 co-operatives	1 (must have at least 2 directors)	1 (must have at least 2 directors)
Express legislative recognition of voting on basis of member, not level of equity. (ie democratic control).	Yes	No	No
Compliance Burden	Annual return Annual audit Register of Beneficial Owners return	Conduct an annual audit (exemption available subject to certain conditions) annual return returns of changes of directors and officers Register of Beneficial Owners return	Conduct an annual audit (exemption available subject to certain conditions) annual return returns of changes of directors and officers Register of Beneficial Owners return
Power of Nomination of Shares	Yes, up to €15,000	No	No
Taxation Status	Same	Same	Same
Back-up Services	ICOS backup & development services	Separate legal fees and consultant costs	Separate legal fees and consultant costs