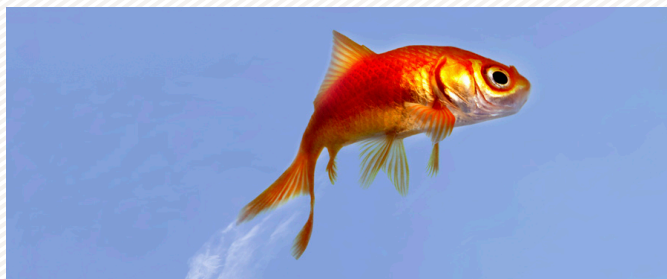


BDO PAYROLL SERVICES

Making change count





“The price of doing the same old thing is far higher than the price of change.”

Bill Clinton

► **BDO PAYROLL SERVICES IS THE PAYROLL OUTSOURCING DIVISION OF BDO, AND HAS BEEN PROVIDING PAYROLL SOLUTIONS TO SMALL, MEDIUM AND LARGE SIZED COMPANIES SINCE 1982.**



In the early years, payroll services were provided to clients as an add-on to other core services that were being provided by BDO. Over time, the payroll service has evolved from being a pure bureau offering to a fully managed solution and advisory service.

Today, BDO Payroll Services is a stand alone division within the BDO partnership, with annual revenues of over €1m. The client base has grown to over 150 clients, and we currently process payroll for over 6,500 employees every month.

Our payroll team have a combined experience of over 50 years in providing payroll services to companies, and are committed to delivering a first class service to our clients. This commitment is underpinned by our quality assurance measures, which are of primary importance to us as part of a regulated professional services firm like BDO.

We believe that outsourcing payroll is a very effective way for companies to streamline their resources and reduce costs, while benefiting from the specialist knowledge required to ensure compliance in this complex area. So whether you are a one person operation or a large multinational organisation, we are confident that BDO Payroll Services can provide you with a competitive and first rate solution to paying your staff.

We look forward to meeting you some day soon.

Best Regards,

A handwritten signature in black ink, appearing to read 'David McCormick'. The signature is fluid and cursive.

David McCormick
Partner In Charge, BDO Payroll Services

▶ THE IMPORTANCE OF PAYROLL IN THE MODERN BUSINESS WORLD

“Where changing your company cannot work, changing the way you do things can”

Evaluating the payroll function

There has always been a large emphasis placed upon the necessity of good payroll management within organisations, but those that just consider it to be a crucial, non-core administrative function are missing the point. In fact, payroll divisions and their personnel are responsible for the management of the largest controllable cost of a business, as well as protecting that company's reputation by ensuring compliance with a vast range of legislation. As a result, the need to get it right has never been more important.

In-house costs

Wages and salaries represent the largest recurring expense for any organisation, but in order to evaluate the true cost of managing an internal payroll function you need to look beyond the superficial headings and take cognisance of the less obvious, but equally related, secondary costs.

For instance, any in-house payroll function will incur expenditure under the following headings:

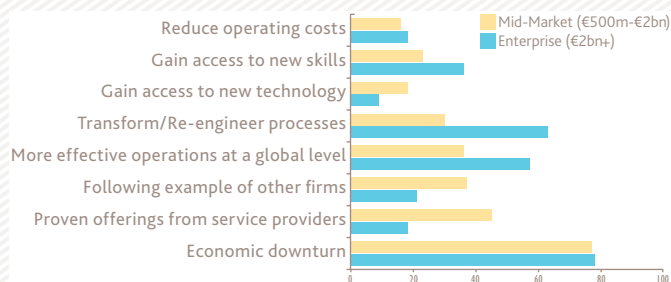
Software & IT	Office	Labour
Payroll Software, Security Software, Licence Fees, Upgrades, Maintenance, Disaster Recovery Programmes, Printers.	Fixtures & Fittings, Rent, Utilities, Stationery, Storage.	Cost of Trade Union Activity (staff resistance to change), Retraining, Staff Expenses, Annual Leave, Absenteeism, Decision Making, External Consultancy, Resignations, Recruitment.

Therefore, the diversity of the financial burden placed on companies that opt to run their payroll internally goes a lot further than the direct cost of the labour involved. That said, it is only one of the parameters to be considered when evaluating the viability of running it in-house. Far greater challenges to the successful and smooth running of an internal payroll function lie in the area of compliance.

How important are the following business drivers behind your company's outsourcing decision making this year?

Answer = Very important

Source: AMR Research & Global Services Media, May 2009.
Sample: Sourcing decision makers, 127 Enterprises



Compliance challenges

In recent years, businesses all over the world have been living with the fall-out of various corporate scandals in the U.S., resulting in some of the weightiest corporate governance legislation being introduced worldwide. In addition, the failure of certain regulatory frameworks that have vastly contributed to the global economic downturn will mean that the regulatory burden is likely to increase. It will no longer be sufficient to simply "keep an eye on things" - there needs to be much more focus on control, and an obsession to demonstrate transparency in corporate behaviour at all times. This will inevitably impact across the entire business spectrum, including payroll management.

Legislation changes

The greatest impact on the payroll function for a business will be dealing with the expansion of statutory requirements arising from the pace and volume of changes in legislation that are enforced. For instance, it only takes a small change in the laws concerning maternity benefit to ripple its way through the system.

Corporate fraud

Since 2004, the Sarbanes-Oxley (SOX) Act triggered the requirement for US public companies to meet stringent standards of accounting practice with clear audit trails, and with payroll often accounting for up to 80% of corporate expenditure, any internal audit process now demands senior management to have intimate knowledge of internal controls: "How do you know that no-one is defrauding the company? How do you know that you're paying the right amount of money, and how do you know the money's going in to the right places?". However, if you're not US-owned and don't do business in the United States, it's too early to start rejoicing, as the European Union will be adopting its own version of SOX very soon.

Reporting requirements

A further impact of the increased scrutiny of accounting practices will be on a company's information security strategy, with huge amounts of work having to be carried out on privacy and confidentiality of data protection, adding further expenditure at a time when cost control is fundamental to survival.

Outsourcing

Naturally, it would be wrong to assume that such changes in corporate structures and strategies will always be a good fit where the company is concerned. For instance, the joining of Payroll, HR and Finance into a 3-dimensional entity may be disparate to the strategic direction of the business.

But where changing your company cannot work, changing the way you do things can, and many businesses are embracing the culture of outsourcing in the current economic climate. The chart (right) illustrates the various drivers behind outsourcing practices among different market segments, and most notably, all segments reveal cost to be the primary motivator.

It is also interesting to note that by analysing these reasons with specific focus on payroll, it is clear that, although different segments weight the importance of each driver differently, the benefits of payroll outsourcing serve to meet all of the respective requirements in each segment.

So, outsourcing competencies such as payroll management can be an efficient and cost-effective way of ensuring flexibility within your business while complying with the rigid demands of corporate governance.

"The great thing about BDO is the seamless processing of their service. The flow of information and levels of communication are first rate. It's like having our own payroll department without the headaches."

(UK) INVESTMENT FUND MANAGEMENT COMPANY

WHY OUTSOURCE?

“If you deprive yourself of outsourcing and your competitors do not, you’re putting yourself out of business.”

Lee Kuan Yew

Top 10 reasons to outsource your payroll function

- 1 Cost.**

For many businesses, an in-house payroll service is a money burner. Whether your business has less than 20 employees or greater than 200, there’s a very good chance that you can save money by outsourcing your payroll operations. Determine how many hours your employees are devoting to payroll-related activities, calculate how much you’re spending and compare the amount to the cost of an outsourced solution. Also, be sure to factor in the money your business spends on tasks like printing and distributing cheques, creating tax documents, and so on. You’ll probably be surprised by the result.
- 2 Productivity.**

Payroll management is a time-consuming activity. With this burden removed, your employees can focus on doing more productive things, and you may even be able to trim your staff’s size.
- 3 Accuracy.**

Payroll mistakes can be painful, angering employees and — more ominously — the government. A good payroll-services provider is far less likely to make a serious error than your in-house staff.
- 4 Reliability.**

In-house payroll activities function as reliably as the people doing the work. With a payroll service, output speed and quality won’t vary in accordance with vacations and illnesses. You also won’t have to spend time helping new hires understand your business’s payroll system.
- 5 Speed.**

Since payroll-services providers are specialists with vast technical resources at their disposal, they can process even the most complex payrolls at lightning-fast speed. Unlike most employers, they can also accommodate a temporary influx of seasonal workers without acquiring new systems that will remain dormant the rest of the year.
- 6 Insight.**

A good payroll-services provider will know all the ins and outs of payroll-related tax laws and regulatory mandates on all levels. Your employees could try to achieve the same level of understanding, but it would take a considerable investment in time and effort.
- 7 Accountability.**

If salaries are delayed or paperwork is mishandled, it’s the payroll-services provider’s responsibility to fix things. You always have the option to change your service provider quite easily. Try firing, hiring and training an in-house payroll staff in anything less than several weeks.
- 8 Flexibility.**

Boring, repetitive payroll work can act like an anchor on your business. Your staff, when freed of rote payroll responsibilities, will be free to focus on other, more creative work.
- 9 Security.**

Do you have the time and energy to closely supervise your business’s payroll for time and rate abuses and other shady activities? Most payroll services firms have technologies that can spot and alert clients to various types of payroll fraud, such as payment manipulation and “phantom workers”.
- 10 Peace of mind.**

There’s a lot to be said for the peace of mind that outsourcing payroll services can bring to a business owner or manager. No headaches, no hassles: You’re left to focus on running a profitable business.

CHOOSING A PARTNER

“When it came to choosing a payroll provider, we looked for reputation, expertise and value for money. BDO’s track record on these made it an easy choice for us.”

HAPAG LLOYD

What should you look for in choosing your payroll partner?

- Reputation** You should only select a provider once you are satisfied that they are competent and reliable, have longevity in business and will be around for your future.
- Experience** Ask your provider how long they have been providing payroll services and if all of the relevant staff are suitably qualified to undertake the service they will provide. Also, ascertain the depth and scope of their expertise in related areas such as taxation or wealth management.
- Suitability** Make sure that your provider understands your business and your requirements, and more importantly, that they can deliver on time. Also, it is important that they are flexible enough to change as your company expands or contracts.
- Technology** Your provider should be using the most up to date technology in terms of processing and data security systems.
- Transparency** Different providers charge differently, so make sure that you can be billed in a manner that suits your business, not just theirs. Also, ask that all set-up, recurring and hidden costs are clearly defined and discussed at the beginning. Unexpected surprises can strain relationships very easily.
- Client focused** Ensure that they really value your business and they want you as a client. Establish their customer service record, and insist on a high level of communication with an accessible manager. You will need to constantly communicate with your payroll provider.
- Compatibility** Finally, and above all, make sure that your payroll partner is easy to do business with. Ask for references if you need to.

BDO'S MANAGED PAYROLL SOLUTION

KEY FEATURES

- Weekly, Fortnightly, 4 Weekly, Monthly, Twice Monthly & Quarterly Processing
- Unlimited number of employees, pay elements, deductions, cost centres, or departments
- Calculation of all aspects of PAYE / Employee and Employer PRSI including Notional Pay (Benefit In Kind, company cars etc.)
- Submitting Revenue forms - P30 and P45
- All appropriate payroll reports including: Company Analysis, Cost Centre Analysis, Pay-Path transactions and Gross to Net
- Itemised Security Payslips
- Electronic payment of salaries to the employee's bank account
- Employee's net pay may be distributed over several bank accounts
- Complete confidentiality
- Year end compliance - P35, P60
- CSO Filing
- End-to-end management - simply give us the data each month, and we'll do the rest



Who to contact

For your free payroll consultation, please contact any of the following members of our team:



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WHY CHOOSE BDO AS YOUR PAYROLL PARTNER?

Our reputation

BDO Ireland is the Irish member firm of BDO International, currently the 5th largest accountancy network in the world. Our reputation reflects our professional expertise and by working directly with businesses, we've developed a unique insight into what makes a business successful. It's this insight that makes us true business advisers, rather than mere financial consultants.

Our experience

Since 1982, we have been providing a first rate payroll service to our clients and currently manage payroll for over 15,000 employees. During this time we have worked with companies from sole traders to multinationals, across all industry sectors at home and abroad, while constantly adapting to the changing taxation and legislative environments that have taken place over time.

Our approach

We recognise that no two businesses are the same, and therefore, every client's requirements will be unique. Whether you have 2 or 2,000 employees, our payroll service is tailored to suit your needs, and this flexibility allows you to rest assured that the service you are getting is the best fit for your business.

Our resources

At BDO we are committed to providing nothing but the best service to our clients, so to achieve this, we only use the best resources we can find. From people to technology, from suppliers to procedures, everything we do is focused on you.

Our expertise

All of the payroll staff here at BDO are Certified Payroll Technicians, ensuring the quality, accuracy and confidentiality of our service. In addition to this, we are able to rely on the in-house advice of specialised professionals in the areas of finance and taxation so there is never a query that we cannot find the answer for.

Our reach

With 45,000 staff servicing the needs of clients from over 1,000 offices in 110 different countries, it is safe to say that the BDO network is truly global! As a result, we are able to offer payroll clients local expertise, international coverage and consistency of service wherever their business takes them.

Our value

Outsourcing your payroll can be a very easy way to reduce your business costs without impacting your core operations, and our competitive fee structure is conducive to achieving this objective. In addition, our partner-led approach is indicative of the importance we place on building long lasting relationships with our clients, by truly understanding their business and by always putting them first. This makes us easy to do business with, on a company, departmental and individual level, and strong partnerships really do add value to your business.

Our promise

At BDO, we promise to make sure that your employees get paid on time, every time!



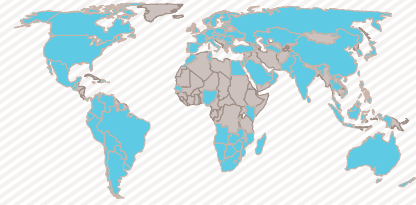
“The nature of our payroll is so complex that no two months are ever going to be the same, so outsourcing the function was something we never thought we could successfully achieve. BDO were so flexible they could tailor their standard offering specifically to meet our needs – without costing the earth. We know we are in safe hands. Every business should have a partner like BDO.”

LUXOTTICA/THE SUNGLASS HUT

“The fashion of the world is to avoid cost, and you encounter it.”

William Shakespeare

BDO is the world's fifth largest accounting network, with 1,082 offices in over 110 countries



With offices throughout Ireland, we offer auditing, consultancy and tax services to a wide variety of organisations in the private and public sectors



► THE BDO STORY BEGINS IN 1963. ACCOUNTING FIRMS FROM THE UK, NETHERLANDS, GERMANY, US AND CANADA SAW THE OPPORTUNITY TO COMBINE AND THUS EXPAND THEIR KNOWLEDGE BASE AND RELATIVE STRENGTH.

The resulting Binder Seidman International Group worked together as a network of firms until 1973, when the common name of Binder Dijkster Otte & Co was adopted.

In 1988, a world wide structure was formed and to ensure that local strength retained its prevalence as one of the network's underlying goals, the acronym of BDO was agreed upon, placed before each local Member Firm's name. At the same time, a logo and corporate identity was created that promoted consistency throughout the network.

Since then, the BDO network has undergone a transformation that now sees it as the world's fifth largest accounting network, with 1,095 offices in over 110 countries. A combined workforce of more 44,000 people continues to promote and extend the values and objectives foreseen from the outset. BDO is known for client rapport and partner accessibility, for extensive local knowledge combined with a global outlook, and for partners and staff who are challenging, ethical and practical in their approach and advice to clients.

The organisation's growth has continued year on year and the international network continues to serve BDO and its clients well in changing economic and market conditions. BDO has weathered the accountancy scandals around the world and embraced the new regime of Sarbanes-Oxley. BDO Member Firms use a best practice approach to methodology and international collaboration and this, along with an unchallenged knowledge and understanding at a local level, makes us able to do this in a manner which preserves both our reputation and our transparency to the market.

BDO Ireland is the Irish member firm of BDO International. With offices throughout Ireland, we offer auditing, consultancy and tax services to a wide variety of organisations in the private and public sectors. Established by entrepreneurs for entrepreneurs, we are Ireland's leading advisers to entrepreneurial and growing owner-managed businesses and the people behind them.

BDO is the 5th largest accountancy firm in Ireland and our headquarters in Dublin now has in excess of over 300 employees located just off St. Stephen's Green.

We are leading advisers to growing businesses, both in the public and private arenas, offering a full range of services, while maintaining the close client relationships and accessibility you would expect to find from a smaller firm.

We specialise in advising indigenous and growth oriented businesses, ranging from early stage development through to restructuring phases, to successfully manage growth, and the challenges that it presents.

It is this expertise combined with our understanding of the Irish market and growth-oriented businesses that differentiates us from our competitors. We use our knowledge to bring a fresh approach and insight to all of our client assignments.

Our membership of BDO international affords us global reach and a consistency of service delivery to the highest standard on cross-border assignments.

CONTACT OUR PAYROLL TEAM

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PAYROLL SERVICES MADE EASY

At BDO, our experienced payroll team provide cost effective and comprehensive payroll management services to a broad range of companies ranging from small family businesses to large multinationals.

We tailor our service to suit your individual requirements. Provide us with the necessary employee information and we become your payroll department. It is as simple as that!

We will take care of such all aspects of running your payroll, ensure compliance, maintain confidentiality, advise on technical and legislation changes, leaving you free to concentrate on your company's main focus.

So, no matter what size your business is, what sector you work in, or what specific payroll requirements you may have, BDO Payroll Services can add real value to your business.

So make that call, and find out how we can help!

BDO is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business.

BDO, a partnership established under Irish Law, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent members firms.

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.

www.bdopayroll.ie

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