

Buying Procedures

The Client purchases livestock as Agent for StockCo. StockCo receives the invoice and on the basis that it meets StockCo's settlement requirements, StockCo will settle the invoice directly.

What are the settlement requirements?

1. Livestock must meet agreed purchase parameters.
2. Clients must be within their StockCo approved credit limit with sufficient credit to cover the proposed purchase.
3. NAIT tag numbers must be on the correct NAIT number for cattle purchases.

Who do I book the livestock up to when they are purchased?

- StockCo does not maintain accounts with livestock agents nor livestock exchanges.
- Clients must have arrangements in place with an agent, the livestock exchange or the vendor prior to purchasing livestock to be funded by StockCo.
- The agent should establish a credit limit for the Client based on the agent's own policies.

How does the Agent address the invoice and where do they send it?

- Invoices are to be made out to "Client" as Agent for StockCo. The GST number of the purchaser is 65-506-556.
- Send a copy of the invoice to StockCo at livestock@stockco.co.nz (or fax 0800 920 930). The Client will also wish to receive a copy.

How do you recommend that Agent's setup the account?

- The accounts are setup in the Client's name. StockCo do not open accounts with agents.
- Most agents establish a second account for the Client with the wording as per above so that all invoices for stock purchased by the Client and to be funded by StockCo automatically issue on the correctly worded invoice. Additionally, they enter StockCo's bank account details on this account so that StockCo funded livestock can be processed through this account with proceeds going directly to StockCo. Further information regarding the sales process is contained below.

What happens if the invoice does not meet StockCo's settlement requirements?

- The invoice is the responsibility of the Client to settle, not StockCo. This is why a credit limit should be established that is acceptable to the Agent.
- In the event the invoice doesn't meet StockCo's settlement requirements StockCo will work with the Client and Agent to try and satisfy the settlement requirements.
- The Agent can contact StockCo (0800 920 929 or livestock@stockco.co.nz) to ensure that the Client has an active facility with limit availability prior to purchase of livestock.
 - StockCo will respect the Client's confidentiality and only release sufficient details to satisfy the Agent that the purchase will satisfy the settlement requirements.

It is the intention of StockCo to settle all invoices on the due date. The sooner we receive the invoice the easier this is.

Selling Procedures

The Client sells the livestock as Agent for StockCo. StockCo receives sale proceeds, deducts the purchase price and finance costs and pays the balance (the margin) to the Client.

What procedures should the Client follow?

- The Client sets up an account with the Selling Agent / Processor.
- The livestock are to be sold in the Client's name (note that they are being sold as agent for StockCo).
- Kill Sheet / Invoice to be made out to the Client (as agent for StockCo).
- The Selling Agent or Processor must be instructed to pay the full livestock proceeds to StockCo.
- StockCo require a copy of the Sale Notice or Kill Sheet.

What is StockCo's settlement account?

- All livestock proceeds are to be paid to:
 - StockCo Limited
 - Account 06 0507 0081444 00

General Questions

Who is responsible for the GST?

- StockCo take title to the livestock and claim the GST on the purchase and pay the GST on the sale.
- Clients are advised not to record purchases or sales of StockCo funded livestock in their accounting system, because this will cause incorrect GST returns.
- The Client is only responsible for the GST on the margin paid out by StockCo.
- When the livestock is sold, StockCo will issue the Client with a Recipient Created Tax Invoice (RCTI) accounting for the sale proceeds, original purchase price and any finance costs. The Client should only enter the details from the RCTI into their accounting system.

Why do StockCo seek to obtain the Purchase and Sale Weights?

- This is so that we can measure weight gain performance.
- This is important for StockCo monitoring and allows us to report to our Clients on livestock performance.