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**Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives-
Implications for Governance and Sustainable Development**

A thesis presented in partial fulfillment of the requirements for the degree of

Master of Philosophy

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Abstract

The objectives of this study were to develop a framework that explains the financial and nonfinancial business performance of Nigerian cocoa cooperatives with implications for governance and sustainability, analyse how governance and sustainable development are reported by cocoa cooperatives and investigate how the relationship between governance and sustainable development can be explored. The study provided answers to the research questions and the three objectives were addressed by using analysis of financial data, interviews, secondary data and case studies. The four largest cocoa cooperatives in the Ondo State of Nigeria which are Akure CMU Ltd, Odode-Idanre CMU Ltd, Owo CMU Ltd and Alade-Idanre CMU Ltd were purposively selected.

The study used financial and non-financial documents of the four secondary cooperatives. These are annual reports and books of accounts (2018-2022), progress reports, documents from meetings and public forums, and legal documents (bylaws). Twelve semi-structured interviews were also conducted with three directors from each of the four cooperatives.

From the financial analysis, the trend analysis of these financial positions reveals variations among the cooperatives, Akure CMU Ltd generally has higher assets and equity compared to others, while Alade-Idanre CMU Ltd has lower assets and equity. The non-financial analysis revealed that Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, and Odode CMU Ltd all have a statutory 10% of their earnings meant for educational purposes. This was in line with the Education for Sustainable Development (ESD) as a key element of the 2030 Agenda for Sustainable Development. On Skill Development and Training, there was enough secondary data from Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd and Odode CMU Ltd to provide evidence of each cooperative commitment to upscaling the skills of its primary cooperatives and their members. As that they have a statutory responsibility for development funding. Their records show that the funding was mostly used for strategic development. The cooperatives also had Women's Engagement and Empowerment commitments, and implemented the Accelerating Action for the Elimination of Child Labour in Supply Chain in Africa (ACCEL- Africa) in Nigeria which is intended to improve awareness and behavioural change by the cooperatives to accelerate the eradication of child labour. The four cooperatives engaged in biodiversity protection and environmental programmes. The results of the interview were able to validate and corroborate most of the findings from most the financial and nonfinancial analysis of the cooperatives.

Keywords: cocoa cooperatives, governance, sustainable development, Nigeria

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Abbreviations

ACCEL Chain in Africa	: Accelerating Action for the Elimination of Child Labour in Supply
AGM	: Annual General Meeting
CAN	: Cocoa Association of Nigeria
CFN	: Cooperative Federation of Nigeria
CMU LTD	: Cooperative Multipurpose Union Limited
CRP	:Cocoa Revolution Program
CRT	:Cocoa Rehabilitation Techniques
CSR	: Corporate Social Responsibility
EC	: Executive Committee
ESG	: Environment, Social and Governance
GDP	: Gross Domestic Product
FAO	: Food and Agriculture Organization of the United United Nations
FAOSTAT	: Food and Agriculture Organization Statistics
ICA	: International Co-operative Alliance
ILO	: International Labour Organisation
MDGs	: Millennial Development Goals
NBS	: National Bureau of Statistics
NCSA	: Nigerian Cooperative Society Act
NGC	: New Generation Cooperative
NMA	: Nigeria Metrological Agency
ODSG	: Ondo State Government
PPP	: Purchasing Power Parity
ROE	:Return on Equity
ROI	:Return on Investment
SDG	: Sustainable Development Goals
TBLA	: Triple Bottom Line Approach
UNCED	:United Nations Conference on Environment and Development
WSSD	:World Summit on Sustainable Development

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Chapter 1. Introduction

1.1 Background

Agriculture remains the lifeline of many developing economies (Food and Agriculture Organization of the United Nations, 2002). Food and cash crops are traded domestically and globally to provide food, fibre, raw materials for industries and foreign exchange for both farmers and governments of developing economies. Globally, cocoa is essential to the livelihoods of 40-50 million people with over 5 million smallholder cocoa farmers, who grow this valuable crop. In West Africa, about 6 million hectares are planted with cocoa, contributing about 70% to the total world production while over 1.2 million hectares are planted in Nigeria contributing over 25% to the total world cocoa production. Cote d'Ivoire, Ghana, Nigeria, Ecuador, and Cameroun are the top five exporting countries for quantity of cocoa beans in 2018, ranking 1st to 5th in that order respectively (computed from FAOSTAT, 2021)

Agricultural cooperatives are formal organizations planned and formed to coordinate activities with structured objectives, principles, specified tasks, defined authority and responsibility so must practice good governance (Makongoso, Gichira, & Orwa, 2015). They must enhance effective governance, efficient management, utilization and increasing employees' abilities to achieve both individual and organizational goals (Makongoso et al., 2015). The concept of sustainable development relative to business operations is the company's ability to survive for a long time, both in financial and non-financial terms (Giovannoni & Fabietti, 2013; Semet, 2020). There is a plethora of literature measuring long-term performance of businesses, including cooperatives using financial indices (Semet, 2020). Sustainable development has also been defined as development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs (Brundtland & Khalid, 1987). In developing countries, responses to competitive forces include the growing trend of members leaving their cooperatives to join independent growers (Masuku, Mutangira, & Masuku, 2016). Good cooperative governance can address such challenges (Makongoso et al., 2015). Sustained performance of cooperative businesses over a long period of time have been measured more frequently in the past in financial terms while there is growing evidence that a combined approach with non-financial measures produce more realistic results (Semet, 2020). Some of the non-financial measures include the green economy, triple bottom line (TBL), corporate social responsibility (CSR), sustainable development goals (SDG) and environment

social and governance (ESG) approach (Crisostomo, Freire, & Vasconcellos, 2011; Fombrun & Gardberg, 2013; Hillman & Keim, 2010; Kolk, 2016; Zhao, Guo, & Yuan, 2018).

Empirical evidence from Sangen and Bijman (2012), in their study of over 300 EU cooperatives, found that the three main factors that determine the success of cooperatives in food chains were position in the food supply chain, governance, and the institutional environment. The governance refers to its decision-making processes, the role of the different governing bodies, and the allocation of control rights to management. The understanding of the institutional environment is the cultural, political and legal context in which a farmer cooperative is operating, and which may have a supporting or constraining effect on the performance and development of the cooperative (Sangen & Bijman, 2012).

Incorporating nonfinancial measurements of long-term performance such as issues of environmental and social impacts and importantly the roles governance plays in maintaining the strategic positioning of the businesses have been found to have mixed influences on a firm's diverse value and reputation, profits, sales growth, capital expenditures, and corporate acquisitions (Gompers, Ishii, & Metrick, 2003; Semet, 2020; Sila & Cek, 2018; Yawika & Handayani, 2019; Zhao et al., 2018).

1.2 Research Problem

Financial and nonfinancial analyses are becoming increasingly used in the study of farmer cooperatives but their implications for governance and sustainable development are not well understood. On the other hand, the role governance plays in the sustainable development of cooperatives in developing economies is not well known, is not understood, or is mis-conceptualized. (D. M. Pozzobon & Machado-Filho, 2007) identified board management committee members that had inadequate ability to lead and monitor business operations causing wrong developments, mismanagement, and heavy losses in time. In some cases, the management boards of the agricultural cooperatives increasingly imitate governance structures, eventually, leading to poor governance with evident negative outcomes such as low cooperative enterprise development (Maghsoudi, Hekmat & Davodi, 2012). This weakens governance and the cooperatives become susceptible to bankruptcy and eventually collapse (Makongoso et al., 2015).

Cocoa cooperatives in Nigeria have survived many difficult challenges that have seen many other farmer cooperatives collapsed or changed forms. Some of these challenges include

changes in the form of government in Nigeria from parliamentary system to a presidential system of 1963 also called first republic, which affected their legal forms. Also, the creation of States in 1967 created duplication of regulators at both the federal and State levels. Economic challenges cocoa cooperatives have survived include the Structural Adjustment Programme (SAP) of 1986 which reformed Nigeria's foreign exchange system, trade policies, business, and agricultural regulations, championed by the World Bank. With all of this change, it is notable that the cooperative form has survived providing some evidence of resilience and longevity as an organisational structure in agriculture.

There is still a dearth of studies on the financial and nonfinancial analysis of Nigerian cocoa cooperatives with implications for governance and sustainable development. Thus, combined financial and nonfinancial analyses of these cooperatives will not only clarify the role of governance but also the implications of these analyses for both the governance and sustainable development of the cooperatives.

1.3 Research Questions

The following research questions have been formulated to guide the study based on the above information.

1. What framework explains the financial and nonfinancial business of the cocoa cooperatives with implications to governance and sustainable development?
2. How is governance and sustainable development reported by the cocoa cooperatives?
3. How might the relationship between governance and sustainable development of the cocoa cooperatives be explored?

1.4 Research Objectives

The aim of the research project is conduct financial and nonfinancial analysis of Nigerian cocoa cooperatives, with respect to governance and sustainable development This will be achieved through the following specific objectives which include to:

1. develop a framework that explains the financial and nonfinancial business of the cocoa cooperatives with implications to governance and sustainable development.
2. analyse the ways in which governance and sustainable development are reported by the cocoa cooperatives.
3. investigate how the relationship between governance and sustainable development can be explored.

Chapter 2. Study Country

2.1. Introduction

This chapter provides the necessary background information about Nigerian agriculture, particularly, Nigerian cooperatives, with an emphasis on cocoa cooperatives. Information on cocoa production, yield, and its economic importance is given. The chapter also highlights the cooperative movement and Ondo State's Prominence for Cocoa Production and Cooperatives in Nigeria.

2.2 Country Description

2.2.1 Geographical situation

Nigeria is situated in the west of Africa. Nigeria being the largest black nation on earth lies between the Sahel to the north and the Gulf of Guinea to the south in the Atlantic Ocean. It has a population of over 220 million, it is the largest country in Africa by population and 14th by land area which covers 923,769 square kilometres (356,669 sq mi). Nigeria has a total coastline of 853km (530.0 mi). It represents about a quarter of the entire population of Africa. It is the 6th largest country in the world by population and 32nd by land area. Nigeria borders Niger in the north, Chad in the northeast, Cameroun in the east and Benin in the west. Nigeria runs a federated system of government which includes 36 states and the Federal Capital Territory in Abuja, patterned after the federal democratic system of the United States of America. Lagos with a population of more than 25 million is a major centre of commerce, finance, entertainment, technology for both Nigeria and Africa (Lagos State Government, 2023).

2.2.2 Climate of Nigeria

Nigeria is situated in West Africa, between latitudes 4°N and 14°N, and longitudes 2°E and 14°E (Nigeria Metrological Agency, NMA, 2022). It experiences a tropical climate characterized by distinct wet and dry seasons. The climate of Nigeria has been described as generally tropical, across the Northern and Southern Nigeria. There are three easily distinguishable zones, with two seasons (wet and dry seasons), and an average temperature ranging between 21 °C and 35 °C. The three zones are the topical monsoon climate in the southern part, the tropical part savannah climate, and Sahelian hot and semi-arid climate in the northern parts of the country (Nigeria Metrological Agency, NMA, 2022).

The Nigeria's climate has greatly influenced the country's agriculture, culture, economy, and society. The wet or rainy season is far more important for farming than the dry season, as it is

the time when most crops, particularly in southern Nigeria are planted and harvested. The dry season is characterised by scarce rainfall and drought. Only few drought resistant crops survive during the dry season. Other crops may survive on irrigated farming.

Both wet and dry seasons have their significant contributions to Nigeria's agriculture throughout the 12-month calendar year. The rainy season occurs between April and September, while the dry season occurs between October and April each year. During the rainy season, which is predominant in southern Nigeria, annual rainfall reaches about 130 inches (330 cm), where temperatures rarely exceed 90F (32C). The year 2019 holds the record as the wettest year Nigeria has ever seen since 1981 (Nigeria Metrological Agency, NMA, 2022).

2.3 Agricultural Sector in the Nigerian Economy

Nigeria is called the giant of Africa, both for its largest economy and largest population in the African continent. Nigeria has the 31st largest and 30th largest economy by GDP and by purchasing power parity (PPP) respectively in the world (Word Bank, 2022). In 2021, about 23.4% of Nigeria's GDP is contributed by agriculture, forestry and fishing combined. Nigeria is the largest producer of cassava in the world and other major Nigeria crops include maize, rice, millet, yam, beans, and sorghum. Cocoa is Nigeria's major export crop and major contributor to non-petroleum products.

2.4 Cocoa Production in Nigeria

Cocoa is predominantly cultivated in eight of Nigeria's southwest and south-south regions. They are Ondo, Cross River, Ogun, Akwa Ibom, Ekiti, Delta, Osun, and Oyo States (Figure 1). It is widely grown in sixteen States with a total land area of 1,306, 300 ha as reported by the National Bureau of Statistics (NBS). In 2007, Ondo recorded its highest cultivated land area of 311, 900ha (23.9 %), followed by a neighbouring Osun State with 238,500ha (18.3%). Ondo accounted for 25.1% i.e., 89, 500 tonnes of Nigeria's total cocoa production of 356, 300 tonnes in 2007 followed by Osun State with 73, 800 tonnes representing 20.7%, and Cross River State with 70,830 tonnes representing 19.9%. A ten-year cocoa industry performance for cocoa in Nigeria between 2008 and 2019 revealed a declining situation in both cultivated area and yield (see figure 1 for Nigeria's yield of cocoa beans hectogramme (100 grammes)/hectares, 2009-2018)

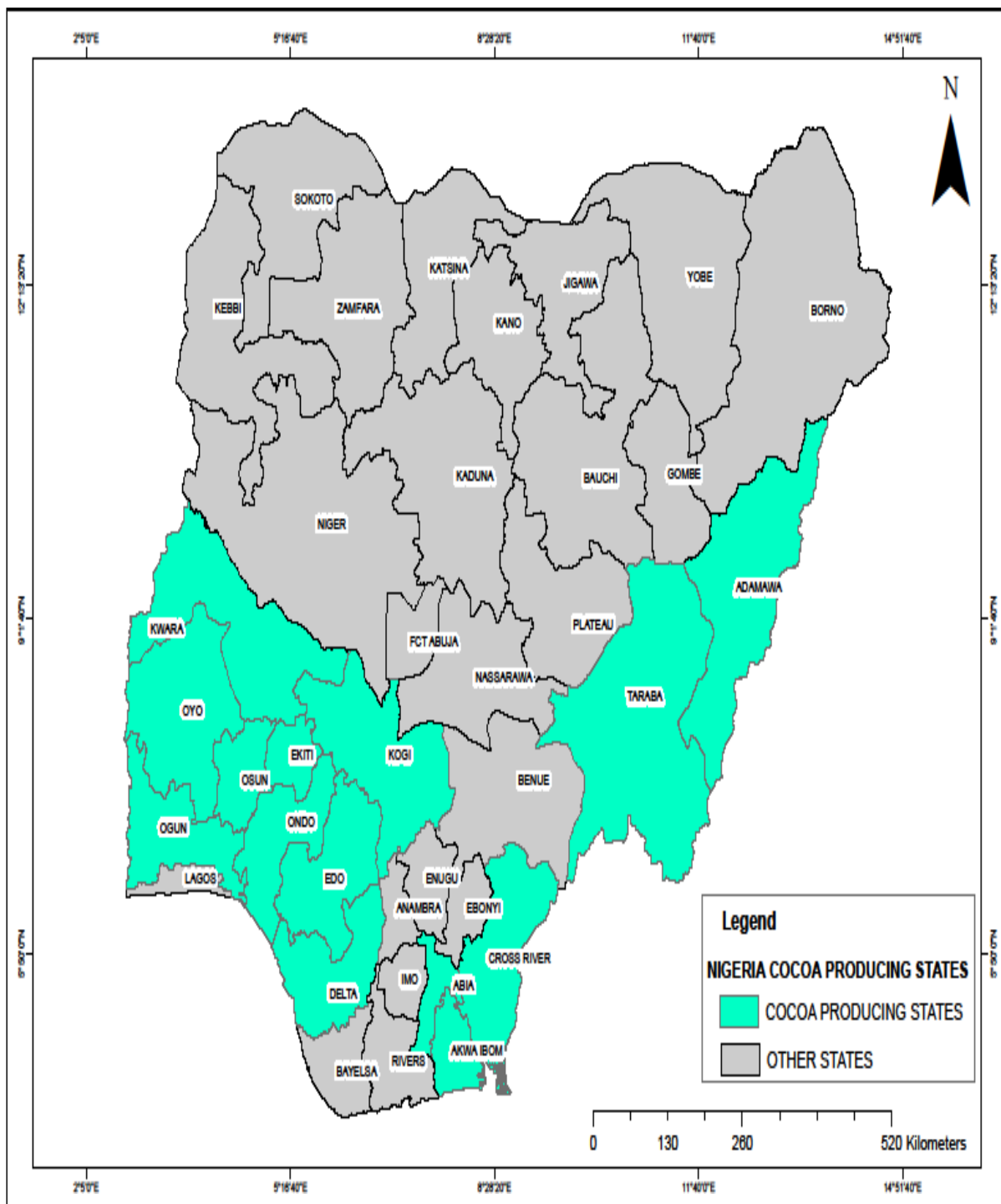


Figure 1: Cocoa Producing States in Nigeria

Source: Afolayan 2016

2.5. Importance of Cocoa to the Nigerian Economy

Nigeria earned US \$ 338.17 million or ₦103.8 billion from cocoa commodity exports in 2018. The combined favourable temperature (20-25 °C), adequate rainfall and large landmass for cultivation are beneficial to cocoa production, making the crop Nigeria's leading agricultural export commodity and the second highest foreign exchange earner next to crude oil. Cocoa was Nigeria's largest agricultural commodity foreign earner in 2009. It shuttles between the second and the third position as the exported agricultural product largest with just a few figures behind sesame seeds and cashew nuts (NBS, 2020).

In 2018, Nigeria was the fourth largest global producer of cocoa beans just behind Ivory Coast, Ghana, and Indonesia (FAOSTAT, 2021). Nigeria produced its highest figure of cocoa beans of 332,927 tonnes in 2018, rising from a decline in production over a period of six years since 2013, when its production figure was 367,000 tonnes. Nigeria contributes over 25% to the total world cocoa production. Cote d'Ivoire, Ghana, Nigeria, Ecuador, and Cameroun remained top five exporting countries for quantity of cocoa beans in 2018, ranking 1st to 5th respectively. Nigeria's 294, 661 tonnes in quantity with a value of US\$ 567,747,000 were only a distance second to Ghana's 843, 641 tonnes in quantity with a value of US\$ 2,437,194,000 and third to Cote d'Ivoire's largest quantity of 1,525,594 tonnes with a value of US\$ 3,253,067,000. Nigeria, Cote d'Ivoire, Ghana, and Cameroun accounted for over 70% of the global cocoa trade and export.

Cocoa production is an important subsector of the Nigerian economy due to increasing demand for cocoa beans from both the foreign chocolate manufacturers and the huge domestic cocoa processing firms. Cocoa beans commonly traded by farmers are converted into several forms including cocoa liquor, cocoa butter, cocoa powder. These cocoa -based products have found usefulness in many industrial productions, mostly for food, beverages, chocolates, cosmetics, and pharmaceuticals. It is projected that by 2030, Nigeria's production of cocoa beans would hit 500,000 MT to meet more foreign and domestic demand and further establish the nation's leadership in the cocoa economy in Africa (Cocoa Association of Nigeria, CAN, 2020). The major players in Nigeria's cocoa beverage and chocolate industries include Bournvita from the production line of Cadbury Nigeria Plc; Milo, manufactured by Nestle Nigeria Plc; Ovaltine, produced by Twining Nigeria; Horlicks, produced by GlaxoSmithKline Consumer Plc; Oluji Pure Cocoa Powder, an indigenous cocoa food drinks company; Cowbell Choco, manufactured by Promasidor Nigeria Limited. Oluji Pure Cocoa Powder is named after a cocoa farming community in Ondo State. Another indigenous cocoa product brand is Le Signature Drinking

Chocolate which is also made from pure cocoa. Major export destinations for Nigeria's cocoa products are the Netherlands, Belgium, Germany, Indonesia, and Malaysia.

2.6 Cooperative Movement in Nigeria

Cocoa farmer cooperatives have played critical roles in the development of both agriculture and cooperatives in over a century of cooperative development in Nigeria. For instance, according to the Nigeria's Federal Department of Cooperative, as of 2010 there were over 80,000 cooperative groups with over 1.4 million members in 605 out of 774 local government areas in Nigeria and that about 14 million adults in Nigeria see cooperatives as their saving bank. Cooperatives in Nigeria are regulated by both federal and state governments which are organised into federations. Figure 2 summarises cooperative movements in Nigeria which started with cocoa.

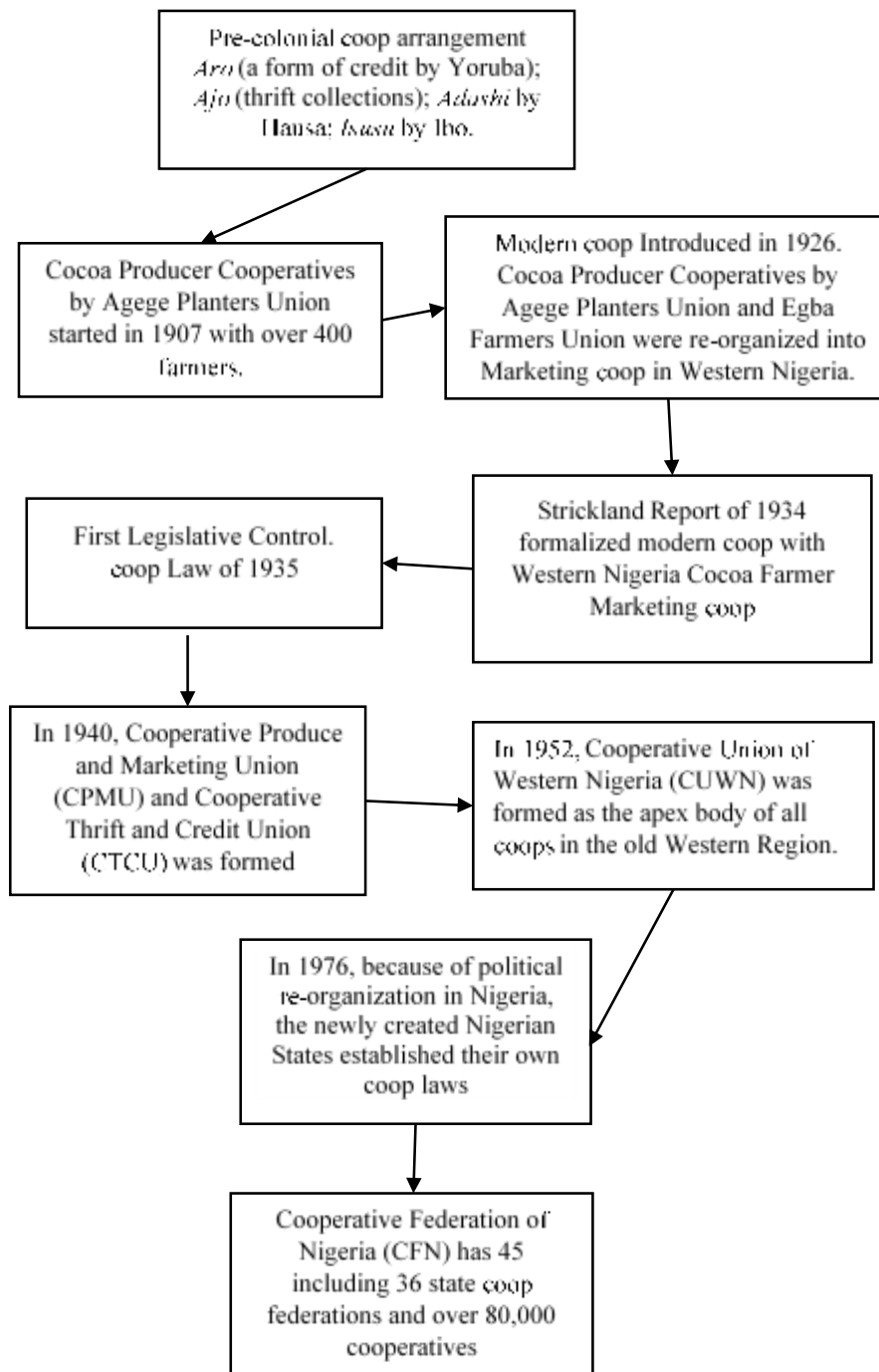


Figure 2: Cooperative development in Nigeria

2.7 Governance of Cocoa Cooperatives in Nigeria

Cocoa farmer cooperatives are some of the longest surviving farmer cooperatives in Nigeria. Examples include Akure Cooperative Multipurpose Union (CMU) Limited established in 1959, Odode-Idanre Cooperative Multipurpose Union (CMU) Ltd established in 1958 and Owo Cooperative Multipurpose Union (CMU), all established under Western Nigeria cooperative laws before Nigerian independence of 1960. Political transformations over the years in Nigeria led to changes in cooperative laws and governance with States having the supervisory and regulatory responsibilities. While some of the cooperatives have metamorphosed into diversified large entities, for example Odua Cooperative Conglomerate Ltd (the largest cooperative in Nigeria), many keep their traditional farmer cooperative responsibilities.

Governance among farmer cooperatives in Nigeria is very diversified across the thirty-six States and the Federal Capital Territory (FCT). Farmer cooperatives are governed by their cooperative bylaws. Bylaws get their authority from the individual State cooperative laws and the Nigerian Cooperative Society Act NCSA of 2004. Board membership, size, tenure, election, professionalization and diversity, directors; duties and disqualification are not explicitly provided for in the Nigerian Cooperative Society Act (NCSA, 2014). Some countries, including the UK and parts of Canada, from their experience from cooperative governance have introduced changes, that specifically reflect directors' duties and disqualification (CCBSA, 2014; NCSA, 2014). Governance of farmer cooperatives thus reflect their bylaws, or the power and authority given to it by their farmer owners. Cocoa cooperative governance in Nigeria is organised into secondary and primary cooperatives as basically represented in figure 3.

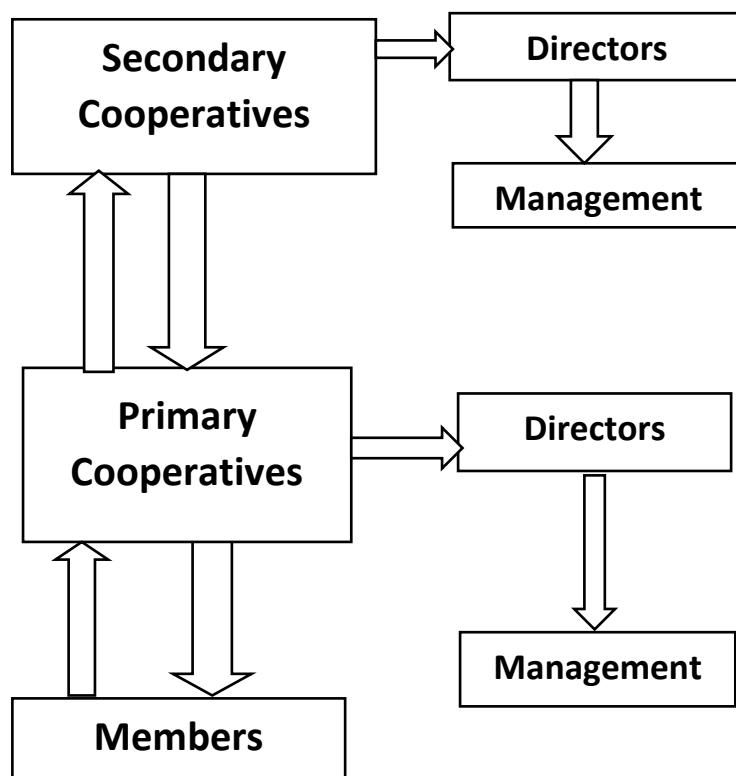


Figure 3: Flowchart of Cocoa Cooperative system in Nigeria

2.8 Ondo State’s Prominence for Cocoa Production and Cooperatives

The study was carried out in Ondo. Ondo State the largest of the eight cocoa-producing states in Nigeria (National Bureau of Statistics, NBS, 2020). Ondo was purposively selected for this study, because of its leadership roles in cocoa production and cocoa farmer cooperatives. Ondo State with over 10,000 cocoa farmers has the largest number of cocoa farmers and cocoa farmer cooperatives in Nigeria. The state also accounts for 25.1% of Nigeria’s total cocoa production. The four largest cooperatives in the State are Akure Cooperative, Odode-Idanre Cooperative Owo Cooperative, and Alade-Idanre coop ltd. Odode- Idanre Cooperative is the leading cooperative with the largest membership of 2,251 farmers. Odode-Idanre’s comparative advantage is that the community has the largest number of cocoa plantations in Nigeria. Cocoa farming is predominantly the economic activity of Odode Idanre people. The four cooperatives combined membership is 52% of the 10,000 cocoa farmers in the State. About 30% of cocoa farmers are not members of any cooperative in the state. Ondo State also ranks very high in the

number of cocoa processing firms and chocolate industries in Nigeria in addition to foreign traders who buy directly from the cooperatives (ODSG, 2020).

Table 1: Cocoa-based Industries in Ondo State, Nigeria

Name	Location	Type
Standard Cocoa Industries Limited	Ita Oniyando, 340110, Akure, Nigeria	Chocolate factory
Stanmark Cocoa Processing Company	Akure-Ondo Rd, 340101, Ondo, Nigeria	Food processing company
Cocoa Oluji	Ondo- Ife Rd, 351110, Ondo, Nigeria	Manufacturer
Cadbury Nigeria Plc,	Km 5 Akure-Ondo Rd, 340110, Ondo, Nigeria	Cocoa Processing Plant
Chesco Cocoa Farms	27 driveway, Akure, Nigeria	Farm
Jeff lico cocoa company	340110, Akure, Ondo, Nigeria	Beverage manufacturer
Stanmark Cocoa /Cadbury Factory	340101, Ondo, Nigeria	Corporate office
Sammag Cocoa Industry	92 Oke Ogun St, 341104, Ondo, Nigeria	Cocoa factory
Johnvents Industries Limited	Ondo NG, 340110, Ita Oniyan, Ondo, Nigeria https://johnvents.com/	Cocoa food processing company

Chapter 3. Literature Review

3.1. Introduction

The literature review for this research is divided into subsections. The first subsection discusses governance in its entirety, including definition, scope, and types. It emphasizes corporate governance and positions cooperative governance as an extension of corporate governance. It also reviews theories of corporate governance and their applications in agricultural cooperatives with an addition of global variations in governance of agricultural cooperatives. The second subsection explains sustainable development from the perspectives of definition and scope, types of sustainable development and measurement of sustainable development. The other subsections explore the gap in research which justifies this study. This review of literature is the basis for financial and nonfinancial analysis of Nigerian cocoa cooperatives with implications for governance plays in the sustainable development.

3.2 Cooperative business models

A cooperative, as captured by the International Co-operative Alliance (ICA) refers to “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly orientated and democratically controlled enterprise” (International Cooperative Allinace (ICA), 2017). Under the Nigerian Laws, a cooperative is also known as a society according to the Nigerian Cooperative Society Act (NCSA) of 1993 ‘is a limited liability society; and has as its objects the promotion of the socio-economic interests of its members in accordance with cooperative principles and established for the purpose of facilitating the operation of those principles. A society may be registered under this Act as an industrial society or as a primary or secondary society (Nigerian Cooperative Society Act (NCSA), 1993).

Cooperatives are a system built on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity (ICA, 2012). Cooperative economists in their studies (M. Fulton, 1995; E. Garnevska et al., 2011) found out that cooperative success and development are strongly linked to distinctive values of cooperative members, transparency, excellent communication, knowledge of the cooperative, technical skills, commitment, efficient internal management, ambient environment, good cooperative governance, and prevailing government policy.

Cooperatives and other corporate businesses are all economic entities (Berge, 2017; Douvitsa, 2016; Mhembwe & Dube, 2017; Prause, 2019; Wirtz, 2010). They are both found in all sectors

of any nation's economy (Mhembwe & Dube, 2017; Ranajee, Roy, Chowdhury, & Dixit, 2021). For instance, in 2014, the UN Department of Economic and Social Affairs named New Zealand, the world's most cooperative economy because the sector contributed 20% to the GDP. This is in testimony to the fact that 29% (about 1.4 million) of New Zealanders were co-operative members with 50,000 employees in 2018. In 2018, the top 40 cooperatives generated US\$ 28 billion (NZ\$ 47 billion) in revenue. New Zealand's largest company and agri-food cooperative, Fonterra Co-operative Group Limited is publicly traded dairy cooperatives owned by around 10,500 New Zealand farmers with a responsibility for approximately 30% of the world's dairy exports and revenue exceeding NZ \$17.2 billion (Fonterra, 2021). The American agricultural and food sector was dominated by one of the largest cooperatives in the world in 2020. In Germany, the energy sector represented 25% of all cooperative foundations before 2011 (Dilger, Konter, & Voigt, 2017). In Nigeria, the largest groups of cooperatives are farmers cooperatives and workers cooperatives in organized private and government sectors (CFN, 2021).

3.2.1 Definition and scope of governance

Governance scholars have variedly captured governance from different levels, geographies, authorities, complexities, transformations, and multiplicities (Böhmelt, Koubi, & Bernauer, 2013; Grashuis, 2018; Sandu & Haines, 2014; Stone, 2008; T. G. Weiss & Thakur, 2010; T. G. Weiss & Wilkinson, 2014). For Graham, Amos, and Plumptre (2003) of the Institute of Governance (IOG), Canada, defining governance can be challenging, subtle, complex and powerful. The reason is perhaps because governance has become an important topic as evidence mounts on the critical role it plays in determining human and societal well-being at organizational, national or international levels (Graham et al., 2003; T. G. Weiss & Thakur, 2010; T. G. Weiss & Wilkinson, 2014)

3.2.2 Corporate Governance

Corporate governance has been widely studied in businesses, banking, cooperatives and civil society organizations (Böhmelt et al., 2013; Carson & Ghosh, 2019; Jones, Hesterly, & Borgatti, 1997; Kaczmarek, 2016; Muzata, 2021; Neto, Girão Barroso, & Rezende, 2012; Ranajee et al., 2021; The International Organisation of Industrial Artisanal and Service Producers' Cooperatives (CICOPA), 2014). Corporate governance set some rules, controls, policies, and resolutions put in place to dictate corporate behaviours to improve long-term shareholders' value by enhancing corporate performance and accountability while considering

the interest of other stakeholders (Aganga, 2014; Oyerogba, 2016). It essentially involves balancing the interest of a company's stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community (Larcker & Tayan, 2011). The principles of corporate governance therefore include respect for the rights of shareholders, equitable treatment of all stakeholders, responsibilities of the board, transparency, and disclosure (Azim, 2012).

3.2.3 From Corporate Governance to Cooperative Governance

Cooperatives are corporate businesses managed under the principle of collective ownership and the democratic control of members, with adherence to common values and cooperative principles under the prevailing structures (E. Garnevska, Callagher, Apparao, Shadbolt, & Siedlok, 2017). They are influenced by their governance and the legal frameworks of corporate businesses in such countries (Bartual-Figueras & Turmo-Garuz, 2019; Butzbach & Rotondo, 2020; Douvitsa, 2016; Elgharbawy & Abdel-Kader, 2021; Kondo, 2019; Shafie et al., 2019). Their existence, strength, survival and longevity are grounded on their common interests, the joint interests of the members in pursuing the objectives of the cooperative (economic, social and environmental) and in the steadfastness of the established relationships (objectives and commitments, relations among members, and interaction among members and the management Board) (Giagnocavo, Galdeano-Gómez, & Pérez-Mesa, 2018b; Moon & Lee, 2020; Rösch, Bräutigam, Kopfmüller, Stelzer, & Lichtner, 2017; M. G. Teixeira, Roglio, & Marcon, 2017; Wagemans, Scholl, & Vasseur, 2019).

3. 2.4 Theories of corporate governance

Six major theories have been used in understanding corporate governance in business organizations (Amis, Barney, Mahoney, & Wang, 2020; Cole & Schneider, 2020; Flávio, Tonelli, Teixeira, Oliveira, & Benedicto, 2013; Glinkowska & Kaczmarek, 2015; Jones et al., 1997; Neto et al., 2012; Saleh & Hamzah, 2017; G. M. Teixeira, Queiro-Caleman, & Silva-Américo, 2020). In 1998, Hung developed and arranged the six theories into a typology of different theories on the roles of governing boards. These theories are dependency, stakeholders, agency, stewardship, institutional and managerial hegemony theories. Summarily, Hung made distinctions among them as follows Resource dependency theory and linking role: the board links the organization to its

external environment, particularly guaranteeing access to valuable resources.

- i. Stakeholder theory and the coordinating role: the board coordinates the interests of the

various stakeholders.

- ii. Agency theory and the control role: the board makes sure that the management conforms with the interests of those represented by the board.
- iii. Stewardship theory and the strategic role: the board supports the management in taking strategic decisions that lead to optimal performance of the organization.
- iv. Institutional theory and the maintenance role: the board focuses on indoctrinating the organization by understanding and analysing the external (institutional) environment.
- v. Managerial hegemony theory and the support role: the board serves as a “rubber stamp” in supporting the decisions of professional management (Hung, 1998).

Cornforth (2004) has taken the six board roles of Hung as a starting point for his discussion of the ambiguities that often prevail in boards of cooperative organizations. He distinguishes three of such tensions also called paradoxes:

- i. The first tension relates to the question of who should be on the board of directors, representatives or experts. Should the board consist of representatives of the main stakeholders (i.e., the users of the cooperative) or should it consist of people with the proper expertise?
- ii. The second tension relates to the question of what the main function of the board should be:
conformance or performance? That is, should the board take a defensive position in strategic decisions by mainly defending the interests of the members or take an offensive position by driving forward organizational performance through adding value to the organization’s strategic decisions.
- iii. The third tension, and related to the second one, is about the relationship between the board and the management. Should the board monitor and control the management, or should it be much more a partner of the management? This tension originates from the fundamental question whether board and management have converging or diverging interests.

The tensions or paradoxes about the role and composition of the board of directors in cooperatives are not just theoretical constructs in the view of J. R. Fulton and Adamowicz (1993), but have been guiding changes in cooperative corporate governance (Sangen & Bijman, 2012). Table 1 summarizes a comparison of the six theories according to (Cornforth, 2004).

Table 2: A comparison of six theories of organizational governance

S/N	Theories	Interests	Board members	Board Role	Model	Researchers
1	Agency theory	Owners/managers and managers have different interests	Owners/managers' representative	Conformance -safeguard owners' interests -oversee management -check compliance	Agency model	(Cole & Schneider, 2020; Glinkowska & Kaczmarek, 2015; Neto et al., 2012)
2	Stewardship theory	Owners/managers and managers share interests	Experts	Improve performance. -add value to top decisions/strategies -partner/support management	Stewardship model	(Flávio et al., 2013; Glinkowska & Kaczmarek, 2015)
3	Democratic theory	Members/the public contain different interests	Lay/managers' representatives	Political -represent members' interests -make policy -control executive	Democratic model	
4	Stakeholder theory	Stakeholders have different interests	Stakeholder representatives	Political -balance stakeholders' needs -make policy -control -management	Stakeholder model	(Amis et al., 2020; Gersel & Johnsen, 2020; Ntim & Soobaroyen, 2013)
5	Resource dependency theory	Stakeholders and organization have different interests	Chosen for influence with key stakeholders	Boundary spanning -secure resources -stakeholders' relations -external perspectives	Resource dependency model	(Ntim & Soobaroyen, 2013)

6	Managerial hegemony theory	Owners/members' and managers have different interests	Owners/members' representatives	Symbolic -ratify decisions Give legitimacy (managers have real power)	Managerial hegemony model	(J. Bijman & Dijk, 2009; Ntim & Soobaroyen, 2013); (Zhang, 2015)
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Source: Adapted from (Cornforth, 2004)

3.2.5. Global Variations in the Governance of Agricultural Cooperatives

Cooperatives globally, and agricultural cooperatives specifically tend to be dynamic, diverse, and complex in their governance structures (Grashuis, 2018). For instance, key governance components of selected cooperatives, include board size, percentage of female directors, board professionalization, board democratization, board independence, and board composition. These are some of the factors that engender the complexity of governance structures of these cooperatives which are subject to the corporate laws or corporate governance codes of the different territories, the articles of association and or bylaws of the cooperatives and the power given to the AGM/representative councils/ board to effect a change in the governance structure. For example, while Fonterra in New Zealand has a cooperative representative council, separate from its BoDs and management, Credit Agricole Group, in France, has a representative of the social and economic committee as a member of its BoDs. Fonterra's representative council is similar in *modus operandi* to a 175-member board of representatives (BoRs) of Arla Foods, which has separate district councils. The Dairy Farmers of America Inc. (DFA) in USA has all its 45-member BoDs, elected leaders representing its 7 geographical areas, thus making its BoDs 100% democratic, representative (geographical) and elective in a manner that is most common in political governance.

3.2.6. Measuring cooperative governance

The commonly used measures of governance of agricultural cooperatives from the literature as captured in Table 3 are fundamentally too basic and mostly descriptive. They do not also represent the detailed responsibilities of governance and many of its strategic roles such as accountability and transparency; stability and cohesion, productivity, regulatory control, and members' centredness.

Table 3: Descriptive and basic variables for measuring governance from the literature.

Variable	Measurement	Empirical references
Board size	Total no of board members	(Apostolakis, 2021; Bartual-Figueras & Turmo-Garuz, 2019; J. Bijman et al., 2013; Burress & Cook, 2010; Cook & Iliopoulos, 2016; Hao et al., 2019; Keeling, 2005; Liang, 2013; Madhani, 2017; Prause, 2019; Qin, 2010; Rhodes, 1995; Shamsuddina, Ismailb, Zaidic, Dauda, & Yusuffd, 2019)
Board independence	Number of non-executive members on the board/board size	
Board characteristics	Number of female directors	
	Remuneration committee	
	CEO duality/duality, CEO tenure	
	% of independent directors	
	Age of directors	
	Number of board meeting/activity	
	Direction orientation	
	Board equality	
	Patron-drive	
Elections		
<i>Internal variables</i>		
Training of directors		
Whistle blower policy		
<i>External variables</i>		
Audit	Audit committee	
	Audit type	

3.2.7 Operationalizing Governance

Danile Kaufmann and Aart Kray from the Natural Resource Governance Institute (NRGI) and World Bank respectively produced for the World Bank, the Worldwide Governance Indicators (WGI). The indicators are individual governance indicators for more than 200 countries and territories collected over the period 1996–2021 for the 2022 reports. The WGI identified six dimensions of governance which are voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law, control of corruption. The six dimensions have been adapted in operationalising cooperative governance in Table 4.

Table 4: Operationalizing Governance for the study

Description of indicators	
Indicators	
Accountability and transparency	perceptions of the extent to which a governance has ensured members can participate in selecting their directors, as well as freedom of opinion, information sharing and communication
Stability and cohesion	perceptions of balance in the strategic guidance of the cooperative without fatal disagreements and divisions among directors, management, and members
Productivity	perceptions of the quality of cooperative services members get vis-à-vis their contributions to the cooperative. Return on cooperative business
Regulatory control	perceptions of the ability of the government regulatory to formulate and implement sound policies and regulations that permit and promote cooperative sector development.
Members centredness	perceptions of the extent to which governance decisions and activities are centred around the interests of members
Control of corruption	perceptions of the extent to which public/cooperative power is exercised for private gain, including both petty and grand forms

Source: Adapted from World Bank, 2022.

3.3. Sustainable Development

3.3.1 Historical background of sustainable development

The concept of sustainable development came to global attention in 1972 at the UN Conference on the Human Environment held in Stockholm. In 1987, the World Commission on Environment and Development, chaired by Gro Harlem Brundtland of Norway, renewed the call for sustainable development, culminating in the development of the Brundtland Report entitled “Our Common Future” (Brundtland & Khalid, 1987). Central to the Brundtland Commission Report were two key issues: the concept of needs, to the essential needs of the world’s poor (to which overriding priority should be given); and the idea of limitations imposed by the state of technological advancement, and social interactions on the environment’s ability to meet present and future needs.

In 2012, sustainable development was identified as one of the five key priorities by the UN highlighting the key role sustainable development should play in international and national

development policies, programmes, and agenda. Some of the UN conferences and summits include the United Nations Conference on Environment and Development (UNCED), known as the Rio Earth Summit, in 1992; the World Summit on Sustainable Development (WSSD), known as Rio+10 in 2002; the United Nations Conference on Sustainable Development (UNCSD) or Rio+ 20 in 2012. Outcomes of Rio +20 included a process for developing new SDGs, to take effect from 2015 and to encourage focused action on sustainable development in all sectors of global development agenda (Weitz, Carlsen, Nilsson, & Skånberg, 2018)

3.3.2 Definition and Scope of Sustainable Development

The most accepted definition for sustainable development is the one given by the Brundtland Commission Report. The Report defines sustainable development as development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs (Brundtland & Khalid, 1987). Development itself, has been primarily defined from economic advancement, and social perspectives of development as the process by which the economic betterment and quality of life of a nation, region, local community, or an individual are improved according to targeted goals and objectives. This development had earlier focused primarily on industrialization and infrastructure and recently on poverty reduction, and across all spheres of human life and all sectors of national and global development agendas (Nilsson, Weitz, & Governance, 2019; Weitz et al., 2018).

The relevance and importance of sustainable development are hinged on deepening with the dawn of every day because the population soars but the natural resources available for the satisfaction of human needs and wants do not. It implies that sustainable development is an effort at guaranteeing a balance among economic growth, environmental integrity, and social well-being. This underpins the argument that, sacrosanct to the concept of sustainable development is intergenerational equity, which recognizes both short and the long-term implications of sustainable development such as implementing the 2030 global agenda (Weitz et al., 2018).

3.3.3 Dimensions of Sustainable Development

The 2005 World Summit on Social Development identified sustainable development goals, such as economic development, social development, and environmental protection (Taylor, 2015). Sustainable development is measured and understood from the traditional domains, dimensions or pillars of economic development, social development, and environmental protection (Taylor, 2015) as illustrated in Figure 4.

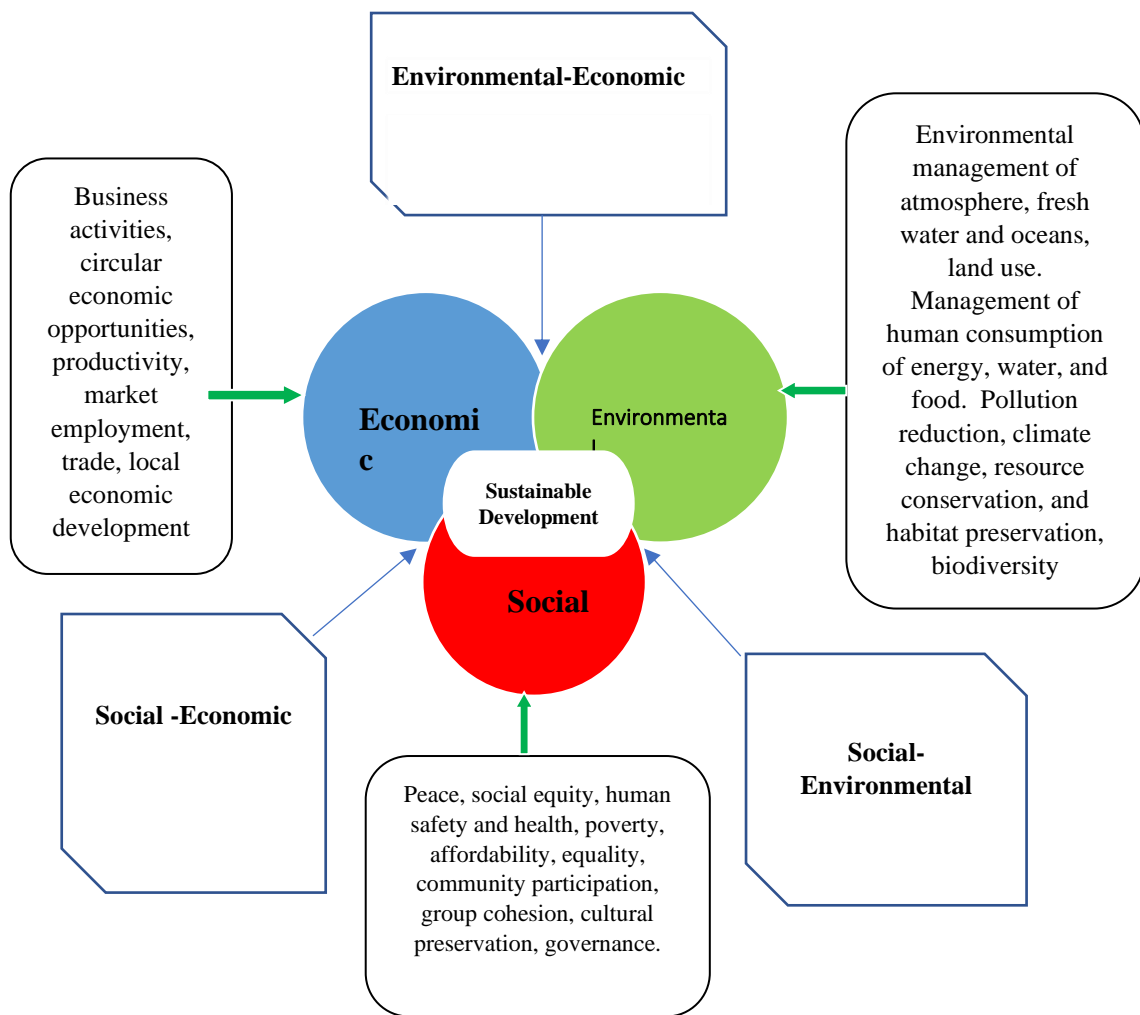


Figure 4: Dimensions of sustainable development showing interactions among the components.

Source: Adapted from Adams, 2006

3.3.3.1 Economic sustainable development

Economic sustainable development implies a system of production that satisfies present consumption levels without compromising future needs. This description has its root in definition of sustainable development (Brundtland & Khalid, 1987). From old times, economists have been thinking that the supply of natural resources was unlimited, and thus placed unnecessary importance on the capability of the economic market to distribute resources efficiently (Du and Kang, 2016). Research economists like (Cooper and Vargas, 2004), opined that economic growth would be achieved by the technological advancement to replenish natural

resources destroyed in the production process. Meanwhile, it has been realized those natural resources are not infinite; besides not all of them can be regenerated or are renewable in real terms.

3.3.3.2 Social sustainable development

Social dimension sustainable development means the social aspect of interactions. It is made up of notions of equity and equality, empowerment of women and youth, accessibility, participation, cultural identity without bias, and institutional stability (Daly, 1992). It means that human beings matter since development is about people and their needs (Benaim and Raftis, 2008). Therefore, social sustainable development refers to an arrangement of social organization that alleviates poverty (Littig and Grießler, 2005). Thus, it is to think of social sustainable development as relating to the nexus between social conditions such as poverty and environmental destruction (Farazmand, 2016).

3.3.3.3 Environmental sustainable development

The impact of changing climate, for instance, provides a convincing argument for the need for environmentally sustainable development. Climate change has already shown signs of affecting biodiversity. Ukaga et al. (2011) have argued that while desperation abounds, the full impacts of global warming are not known yet. What is clearly advisable, according to (Campagnolo et al., 2018) is that, for the sake of sustainable development, all societies must adjust to the emerging realities with respect to managing ecosystems and natural limits to growth.

3.3.4. Measuring Sustainable Development in Cooperatives

As established from its background, types, and dimensions, sustainable development is one of the most subjective concepts to measure and operationalise in economic research. Nonetheless, attempts have been made and are still ongoing to present acceptable measures for this concept. In cooperative studies, financial performance over time has been used but there are superior arguments to include nonfinancial performance measures which lead to green economy, triple bottom line approach (TBLA), corporate social responsibility (CSR), sustainable development goals (SDGs) and the environment, social and governance (ESG) approach.

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3.3.4.1 Economic Sustainable Development Metrics in Cooperatives

Cooperatives must meet mainstream corporate performance standards for them to develop and to survive over time (or thrive) as well as to continue delivering member and social benefits

(Benos, Kalogeras, Wetzels, Ruyter, & Pennings, 2018; Bond, 2009; Hind, 1994). According to (Benos et al., 2018) finance-based metrics include business financial appraisal and business efficiency.

3.3.4.2 Non-Financial Metrics in Cooperatives

The non-financial metrics include the green economy, CSR, TBLA, SDG and ESG with an emphasis on the governance component of ESG. Using ESG metrics and more importantly the governance pillar, the impact on sustainable development has been measured (Atan, Alam, Said, & Zamri, 2017; CFA Institute Centre for Financial Market Integrity, 2008; Kumar et al., 2016; Weber & Rendlen, 2018). Unlike countries and territories which mainly measure sustainable development by certain indices of UN sustainable development goals (SDGs) which have a time frame of 2030 for attainment (UN, 2021). The ESG is more company and business-oriented and many corporations, national and international agri-food cooperatives are becoming more aware in reporting many of the indices of the three pillars of ESG in their annual reports and some even have dedicated desk officer or management committees for ESG as is the case with Fonterra, CHS Inc. (Fonterra, 2021; CHS Inc).

3. 4 The Nexus between Governance and Sustainable Development in Agricultural Cooperatives

Empirical evidence from Sangen and Bijman (2012), in their study of over 300 EU cooperatives, found that the three main factors that determine the success of cooperatives in food chains were position in the food supply chain, governance, and the institutional environment. Governance refers to its decision-making processes, the role of the different governing bodies, and the allocation of control rights to management. The understanding of the institutional environment is of the social, cultural, political, and legal context in which a farmer cooperative is operating, and which may have a supporting or constraining effect on the performance and development of the cooperative (Sangen & Bijman, 2012). Incorporating nonfinancial measurements of long-term performance such as issues of environmental and social impacts and importantly, the roles governance plays in maintaining the strategic positioning of the businesses have been found to have mixed influences on a firm's diverse value and reputation, profits, sales growth, capital expenditures, and corporate acquisitions (Gompers et al., 2003; Semet, 2020; Sila & Cek, 2018; Yawika & Handayani, 2019; Zhao et al., 2018).

3.5 Research Gap

Governance is critical, yet complex in agricultural cooperatives (Sangen & Bijman, 2012). Many sustainable development approaches including the green economy, TBLA, CSR, SDG and ESG are being used to measure it and explore its roles for development. However, empirical researchers have not been able to find an all-in-one approach to measure governance complexity which takes into consideration important stakeholders in farmer cooperatives, which are the board of directors and members themselves, without undermining the financial and economic analysis from cooperative financial and development records.

Moon and Lee (2020) established there were increasing failure to success rates of agricultural cooperatives in developing economies due to governance problems. Also, the few available empirical studies from the developing world (Atanda, Osemene, & Ogundana, 2021; Yahaya & Alkasim, 2021) focused on reporting sustainable development and profitability, highlighting environmental issues and social aspects with emphasis on economics of companies, while the governance measures are rarely found. Thus, this research will fill the gap in knowledge by studying the interrelationship between financial and nonfinancial metrics and governance.

Chapter 4: Research Methodology

This chapter presents the methods and procedures that were employed to study financial and nonfinancial metrics of Nigerian cocoa cooperatives and their implications for governance and sustainable development. The following section will discuss the selection of research method, research flow, research design, planned analysis approach, the reliability and validity.

4.1 Research Approach

At the beginning, both cocoa and cassava cooperatives were the focus of this study. As a result of stakeholder meetings and review of the literatures, cassava cooperatives were dropped to concentrate on cocoa cooperatives alone because cocoa is more commodity for both local and foreign markets. For this study, qualitative case studies of four cocoa cooperatives were carried out. A qualitative research approach is applied to understand under-researched areas where critical indicators, dimensions, and influential factors necessary for robust quantitative research still remain unknown or have not been fully understood and determined (Yin, 2015). In qualitative approach, data are expressed in quantities, for example descriptions of cooperative governance as good or bad, interactions and observed behaviours; direct quotations from people, and excerpts or entire passages from documents, correspondence, records and case studies (Abuhamda, Ismail, & Bsharat, 2021; Apuke, 2017; Das et al., 2017; Williams, 2011). Qualitative approaches are used in the study of cooperatives to understand members' as well as directors' beliefs, experiences, attitudes, behaviour, and interactions, thus making it the most suitable approach for this study. The integration of qualitative research into cooperative governance and development studies is gaining increased. A qualitative study is the most appropriate procedure for a more detailed study of a given situation (Dana & Dumez, 2015) as is the case with cocoa cooperatives in Nigeria.

4.2 Research Process

The process of academic research is made up of a number of steps or actions to ensure effectiveness in conducting research while formulating the research problem, an extensive literature review, developing hypotheses, preparing the research design, determining sample design, collecting data, execution of the project, analysis of data, hypothesis testing, generalization and interpretation, and preparation of the report or presentation of the results (Singh, 2021). The process for this research is presented in figure 5 starting with a literature review to problem identification and terminating at findings, discussions, and conclusions.

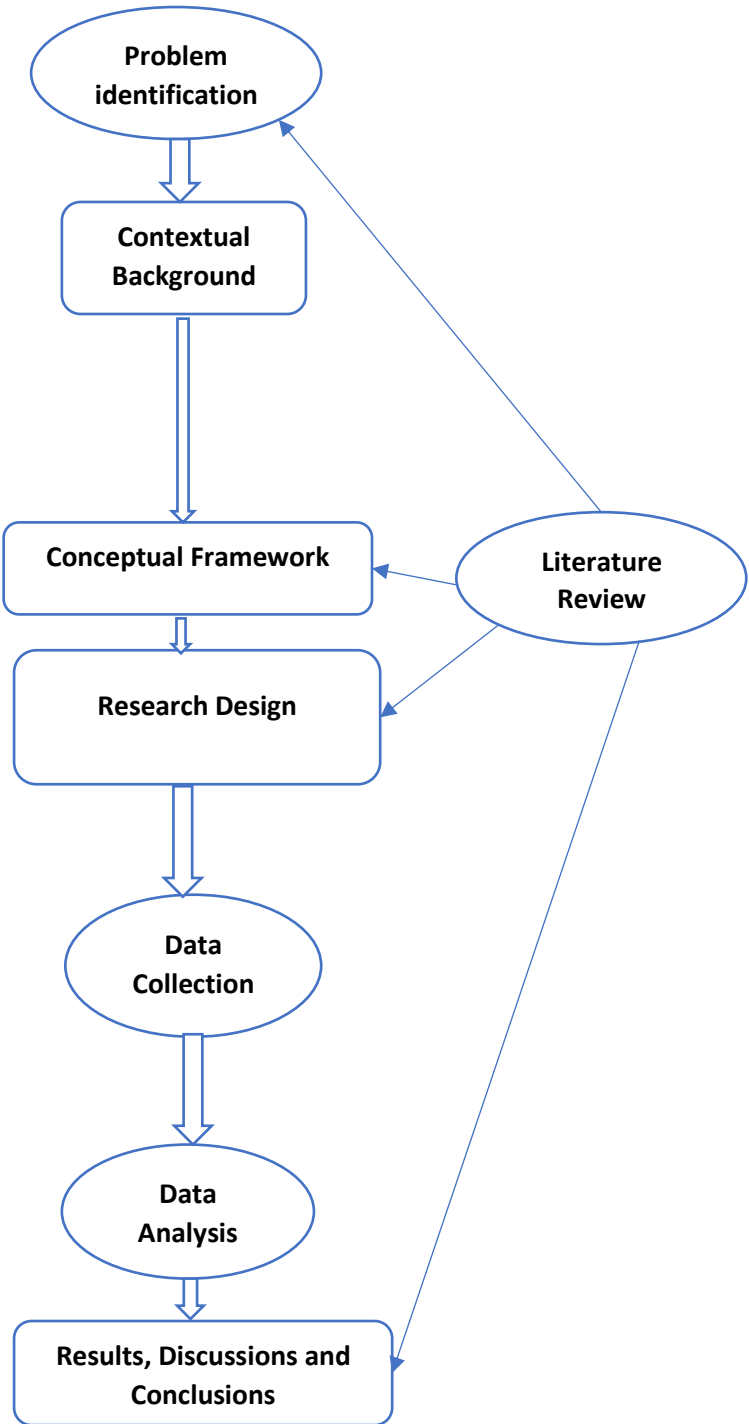


Figure 5: Research Process

4.3 Research Design

A research design is a procedure for collecting and analysing data from relevant information which has been obtained from the sources which individual researchers have identified as meeting the requirements of their proposed studies (Tashakkori and Teddlie, 2010). According to Singh (2021), a good research design often possesses the qualities of being flexible, suitable, efficient, economical among others. For (Kothari 1988), a research design which minimizes bias and maximizes the reliability of the data collected and analysed is considered a good design. This research collected data to understand financial and nonfinancial metrics of Nigerian cocoa cooperatives with implications for governance plays in the sustainable development.

This study used qualitative case studies of the four cocoa secondary cooperatives. Research involving single case studies are common, but not encouraged (Yin, 2009). The advantage of multiple case studies lie in the fact that they provide both detailed understanding and general applicability, unlike single case studies that cannot be generally applied. Yin (2009) argue that while the results of single case studies provide a detailed understanding of an empirical phenomenon, the knowledge is limited to just one reference that cannot be generalised.

The design for this research (figure 6) involved business analysis of four secondary cooperatives, with annual financial records collected over a five-year period from 2018 to 2022. Document analysis was also done, particularly those of non-business analysis, such as archives, reports, bylaws and excerpts. Semi structured interviews were then be used to gain a detailed understanding and clarify the findings from the secondary data.

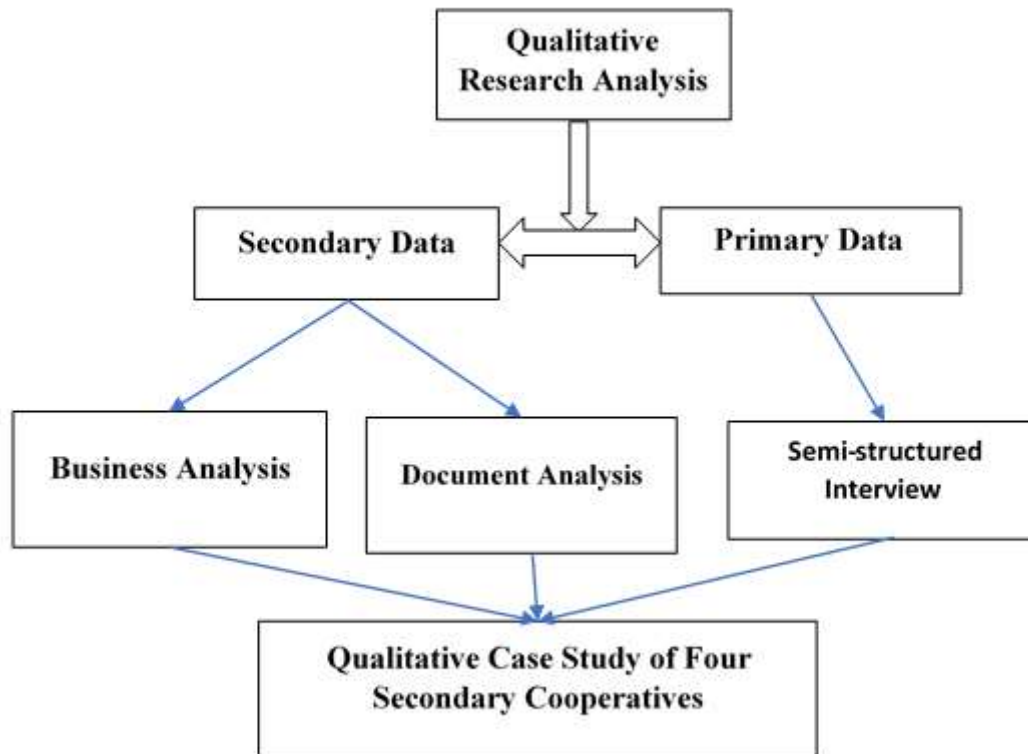


Figure 6: Research Design

4.3.1 Study Area

The study was carried out in Ondo. Ondo State is the most important out of the eight cocoa-producing states in Nigeria (National Bureau of Statistics, NBS, 2020). Ondo has been purposively selected for this study, because of its leadership roles in cocoa production and cocoa farmer cooperatives as outlined in the contest chapter.

Table 5: Population size of the four selected secondary cooperatives

Name of secondary cooperatives	Membership	Proportion	Number of Interviewed directors
Akure CMU Ltd	572	10.56%	3
Owo CMU Ltd	1,843	34.06%	3
Odode-Idanre CMU Ltd	2,251	41.55%	3
Alade-Idanre CMU Ltd	752	13.88%	3
Total	5,418	100	12

Source: Computed from various reports of the four cooperatives

4.5 Method of Data Collection and Analysis

The case studies allow data to be obtained through archives, interviews and direct observation (Yin, 2009, 2015). Case studies have a merit of using multiple sources of data over some other methods. This study will use a two-method approach for data collection that have been used by previous researchers. These two methods will encompass collection of secondary data from the four secondary cooperatives followed by semi-structured interviews. As shown in figure 2, the secondary data to be collected will include annual financial reports and other financial records for business analysis of the cooperatives while other documents including progress reports, legal documents and excerpts will be collected for document analysis. Bowen (2009) views document analysis as a systematic procedure for reviewing or evaluating documents, which requires that the data are examined and interpreted to derive meaningful understanding and develop empirical knowledge. Document analysis can serve both as a part of a qualitative research method, as in this study or a separate stand-alone method. For this study, the researcher had access to several financial and non-financial documents of the four secondary cooperatives. These were annual reports and books of accounts (2018-2022), progress reports, documents from meetings and public forums, legal documents (bylaws and regulators' guidelines). Analysis of secondary data, particularly, document analysis, (Bowen, 2009) have merits including efficiency, availability, cost-effectiveness, lack of abstruseness and reactivity, stability, exactness and coverage. However, a few limitations of this method of analysis include insufficient data, low retrievability and biased selectivity (Bowen, 2009). These limitations with analyzing secondary data are overcome with primary data analysis, as with semi-interviews that are done to broaden the understanding of the subject matter in this

study.

Interviews were chosen as the main source of data collection, as interviews will allow greater approximation and involvement with knowledgeable directors of the cooperatives. Another advantage of the semi-structured interview is to corroborate evidence obtained through the analysis of the secondary data and verify and corroborate the findings of the secondary data. The interview followed a semi-structured guideline according to (Holstein & Gubrium, 1995). The proposed number of interviewees was initially four directors per cooperative. However, the interview ended up with only three interviewees for the four cooperatives making a total of twelve interviewees in all. The interview was conducted through phone calls and recorded. The interview was transcribed and documented in a standardized form to enhance the validity and reliability of the study. The interviews followed a semi-structured guideline, which consists of five different sections. The first section of the interview focuses on demography of the interviewee, the cooperative director. In this section, questions on age, level of education, years of membership, years of board members as well as motivations for cooperative board membership. Other questions include the director personal view on performance of the cooperative as well as his personal roles and contributions of the cooperative. The second part of the interview focused on governance key variables including board size, educational level of directors, age of directors and the influences on the governance of their cooperative. The third section asked questions on implications for sustainable development. This section has three subsections of economic, social, and environmental implications. Each of the subsections raised questions from the cooperative and governance perspective, both termed cooperative-based and governance-based.

4.5.1 Business Analysis framework

In this business analysis framework as illustrated in Figure 7 developed for this study, the analysis is carried out from two major perspectives which are financial and non-financial. In both the financial and non-financial analyses, the cooperative business as a legal corporate entity and cooperative membership (ownership) which is made up of both farmer-member and director- members (governance) are treated and analysed distinctively.

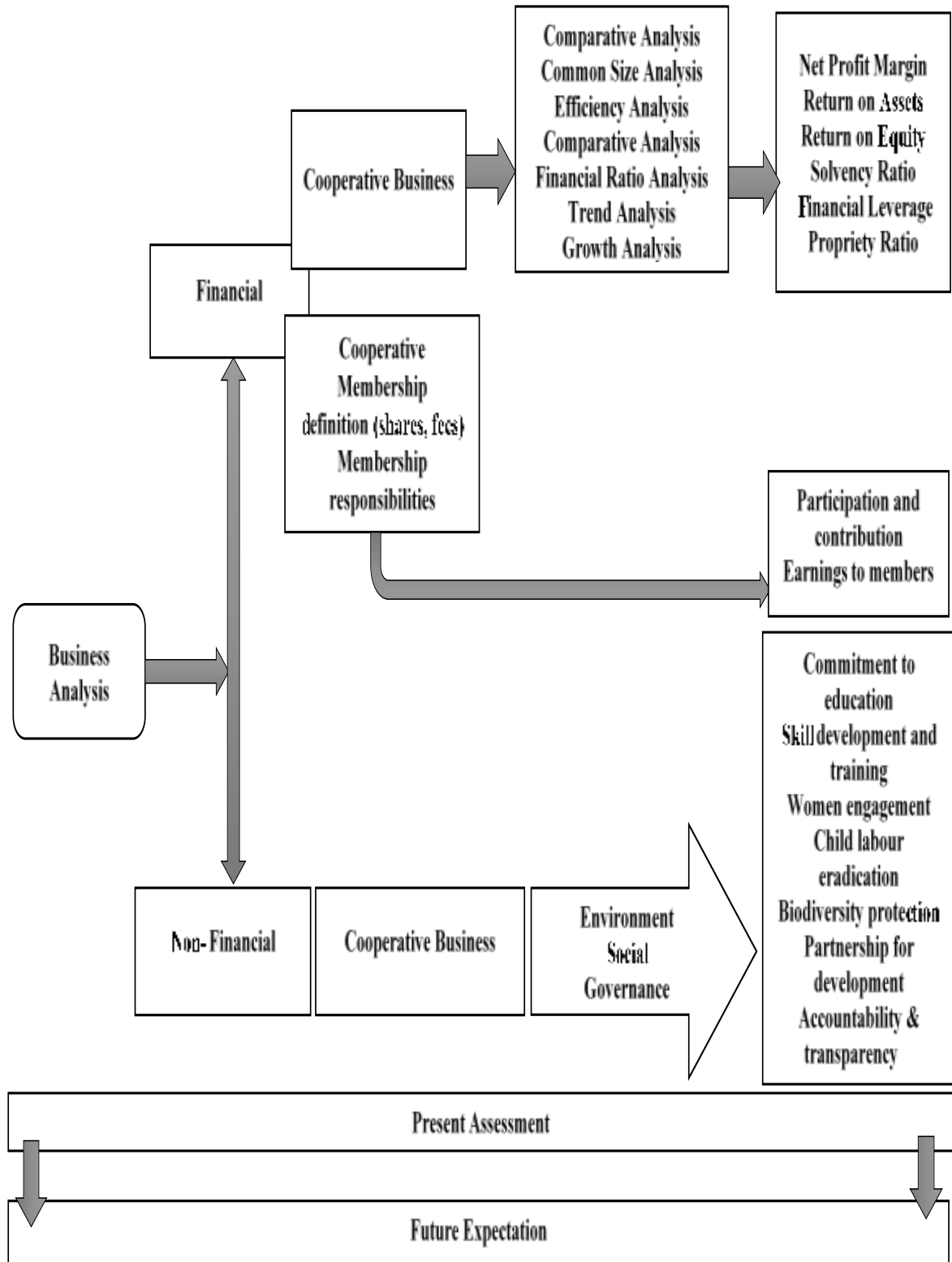


Figure 7: The Business Analysis Framework for the Study

4.5.2 Methodology of Financial Analysis

The data sources for this report encompass Annual Financial Reports (AFR), minutes of Annual General Meetings (AGM), bylaws, development project documents, and training reports from the cooperatives. The basis of accounting for the cooperatives' financial statements was prepared under the historical cost concept in compliance with International Financial Reporting Standard as adopted by Financial Reporting Council of Nigeria. It was done in compliance with generally accepted accounting principles which used estimates and assumption that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Historical cost is a measure of the value used in accounting in which the value of an asset on the balance sheet is recorded at its original cost when it was bought by the cooperative. The other is fair or current cost. The merits of using historical cost include its reliability, comparability, and verifiability. It is devoid of speculation and good in comparative analysis. However, due to inflation, historical costs may not give the real profit or loss of the company.

Using the Nigeria Naira as the currency, the financial metrics are calculated using the following formulars. The current exchange rate is NZD 1= NGN 597.48 as at 15th January 2024.

- i.** Current Ratio = Current Liabilities / Current Assets
- ii.** Quick Ratio = Current Liabilities – Inventories / Current Assets
- iii.** Inventories Turnover Ratio = Cost of Goods Sold / Inventories
- iv.** Accounts Receivables Turnover = Sales / Accounts Receivables
- v.** Accounts Payables Turnover = Cost of Goods Sold / Accounts Payables
- vi.** Gross Profit Margin = (Gross Profit / Sales) * 100
- vii.** Net Profit Margin = (Net Profit / Sales) * 100
- viii.** Return on Investment (ROI) = (Net Profit / Total Capital Employed) *100
- ix.** Return on Equity (ROE) = (Net Profit / Total Equity) *100
- x.** Debt/Equity Ratio = Total Non-Current Liabilities / Total Equity

Debt/Total Assets = Total N

4.5.3 Research Ethics

The research sought ethics approval from the Massey University Human Ethics Committee and it was classified as low–risk research. Moreover, regarding human ethics, the researcher obeyed the major ethical principles: “respect the person; minimization of harm to participants, researcher, institutions and groups; informed and voluntary consent; respect for privacy and confidentiality; the avoidance of unnecessary deception; avoidance of conflict of interest; social

and cultural sensitivity to the age, gender, culture, religion, social class of the participants; and justice” (MUHEC, 2015). The researcher informed the participants clearly about the aims and objectives of the research. The participants were invited to participate voluntarily and had the option of discontinuing the research of their own choice. The researcher provided detailed information to the participants confirming that their identity would not be published, or made available to anyone.

Chapter 5. Results

5.1 Case Study Background

This background provides information on the cooperatives and their activities.

5.5.1 Establishment and Development of the Four Cooperatives

Additionally, insights were drawn from the Ondo State Cooperative Laws (2006), the Nigerian Cooperatives Society Act (NCSA) 2004, as well as various publications from stakeholders including the International Cooperative Alliance (ICA), the International Labour Organisation (ILO), and the United Nations (UN). In the context of business, sustainable development is perceived as the capacity of a company to endure over an extended period, encompassing both financial and non-financial aspects (Giovannoni & Fabietti, 2013; Semet, 2020). The governance of these cooperatives is vested with the responsibility of decision-making and strategically positioning the cooperative's business. This governance function is executed through the cooperative's board of directors, or as specified in some of their Byelaws, the Executive Committee composed of elected and nominated executives.

Akure CMU Ltd was established in 1959 in the former British colony of Nigeria as a cocoa trading cooperative. It was registered under the old Western Nigeria cooperative laws. Following the creation of Ondo State in 1976, the Coop is now regulated by both the Nigerian Cooperative Societies Act, NCSA, 2004 and the Ondo State Government Cooperative Laws through the State Directorate of Cooperatives. Akure CMU Ltd is one of the leading cocoa farmer cooperatives in Nigeria in terms of membership strength and annual traded cocoa tonnage. It is a secondary cooperative composed of seventeen primary cooperative societies. Its membership strength of 1,843 represents 18.4% of the 10,000 cocoa farmers in Ondo State (2006). Owo CMU Ltd was established in 1960 in the year of Nigeria's independence in Owo town of Ondo State. Alade-Idanre and Odode-Idanre CMU Ltd were both established in 1958 in Alade-Idanre and Odode-Idanre areas of Idanre township. Both Alade-Idanre and Odode-Idanre communities are one of the largest cocoa -producing communities in Nigeria. All the four secondary cooperatives are established in Ondo State and their regulation transferred to Ondo State Directorate of Cooperatives.

5.5.2 Governance and Management

Constitution and powers of the General Meeting

Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd and Odode-Idanre CMU Ltd have bylaws which are very similar, except for their names since they belong to the same cooperative

federation. The bylaws are a set of rules governing the cooperative business. For example, the bylaws of Akure CMU Ltd stipulate that the ultimate authority in all matter relating to the governance and administration of it is convened from time to time by the board (termed Executive Committee, EC) and is composed of delegates from its primary cooperatives. The board convenes a General Meeting (GM) of Akure CMU Ltd at least twice in a year and at any time on the request of the delegates of one quarter or more of its primary cooperatives, or at the request of the Chief Registrar. Each of the primary cooperatives is represented by two delegates at the GM. These provisions are also the same in the byelaws of the other three.

Annual General Meeting (AGM)

The AGM is held once in a year. It is the most important meeting. The business at the AGM includes the consideration of the report from out-going board (Executive Committee), the Chief Registrar's Audit Report on the proceeding year's working of and the Annual Accounts; making recommendations for the distribution of the net surplus; the ratification of nomination to the board by primary cooperatives and the passing of Annual Report of Accounts for submission to the Chief Registrar of Cooperative Services.

General Meeting (GM) and other meetings for different purposes

The General Meeting (GM), a delegate meeting of two appointed delegates from each of the member societies is recognized by law and the Byelaws as the ultimate authority of the cooperative. The General Meeting meets at least once in three (3) months. The Chief Registrar/Director of Cooperative Services, the President or the Committee can also call the GM to meet. In addition, two primary cooperatives by motion or by written request can also summon the GM to meet. Three types of meetings are held. First is the Annual General Meeting (AGM), which is held after annual statements of accounts have been prepared. It is also the function of the AGM to appoint its delegates to represent it. The second meeting is the Ordinary General Meeting (OGM), which mainly performs duties such as fixing interest rates, ratify appointments, hear complaints, determine subscriptions of primary cooperatives, amend the bylaws among other function needed for governance of the cooperative. Special General Meeting (SGM) or extra-ordinary meeting may be convened at any time. Attendance of meeting is compulsory for delegates of primary cooperatives. Failure to attend meeting attracts fines. All questions at meetings are decided by a majority of the votes of members present. While each of the delegates has one vote only, the President has a casting vote in addition to his ordinary vote (making two votes for the President).

Working Committees and their duties

The Working Committees (WC) meet as often as necessary to carry out their assigned duties, at least once in a month. The WC meets at the Akure CMU Ltd Secretariat office and it is similar for Owo CMU Ltd, Alade-Idanre CMU Ltd and Odode-Idanre CMU Ltd. The quorum for meeting is three persons. The WC has such responsibilities as examining and checking the Account to date; considering any applications for loans, since the last meeting and dealing with them in accordance to the Bylaws and the instructions of the GM; and approving the otherwise deals with all business conducted by the Manager since the last meeting; checking the Loan Register and taking action on overdue loans; checking the Cash in safe, verifying its correctness; considering and approving of other deals with all business conducted by the Manager since the last meeting; considering; confirming the propagation of Cooperation Education among primary cooperatives and the general public for the purpose of increasing membership; and reviewing the business activities of primary cooperatives with a view to recommending to the GM.

Responsibility of the board (EC)

The Executive Committee (EC) is the board and it is the highest implementing authority. The EC is expected to conduct its affairs with prudence and diligence of responsibility as stated in the Bylaws. The EC has oversight strategic responsibility for all its primary cooperatives, reviewing the business activities of the primary cooperatives with a view to making recommendations at the General Meeting (GM) who vote to give approval to the EC.

Election of Executive Members, Trustees, and appointment of the manager

All members of the Executive Committee, alongside the President, the Vice President and treasurer who are directors of cooperative are elected in the AGM for a tenure of one year and resign at the following AGM, although they are eligible for re-election. Since the Ondo State Cooperative Laws (2006) and the Bylaws are silent on term limit for elected members, Akure CMU has a history of many elected directors being in governance of the cooperative for many years, up to 7, 10 and even more years. The trustees of Akure CMU Ltd, who sign all cheques and legal documents are the President and the Manager. The Byelaws gives power to the General Meeting to vote one more trustee from among its directors. However, this has not been used as there had not been times in which the President and the manager could not discharge those functions. The manager who oversees the day to day running of the cooperative is a career

professional appointed by the EC with the approval of the General Meeting. The manager also oversees all staff of the cooperative for efficient service delivery.

Revised election criteria for membership of the EC

The AGM in December 2022 made a resolution that a cocoa farmer of a primary cooperative must sell a minimum of five hundred Kg (500Kg) of cocoa beans to Akure CMU Ltd before the farmer can qualify to vie to be elected for membership of the EC, while a primary cooperative need to sell fifteen tonnes of cocoa beans. The revised election criteria for membership of the EC adopted in all the cocoa cooperatives in Ondo State including the three others of Owo CMU Ltd, Alade-Idanre CMU Ltd and Odode-Idanre CMU Ltd

5.5.3 Ownership, Usership and Benefits

Goals and objectives

The Byelaws of Akure CMU Ltd identifies twelve specific objectives with the promotion of economic interest as its goal. These objectives, performed to its primary cooperatives include the creation of funds for productive purpose; supervision; provision of facilities for accumulation of funds, any measures designed on cooperative principles members participate in mutual and self-help; organisation and development of primary cooperatives; act as agent for bulk sale and purchases; encourage better farming activities; market for best price the produce of members; supply of farm inputs and such activities that enhance the earning capabilities of its members.

The Tradition of Rewarding Performance

The tradition of rewarding performing members is reported in the annual reports of the four cooperatives. At the AGM every year, Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd and Odode-Idanre CMU Ltd reward three of their primary cooperatives with the highest number of tonnages of cocoa sold through it, the year before. This tradition, the cooperatives believe would continue to promote good competition for higher cocoa output and sales to it. The awards to the three best primary cooperatives are received by their Presidents and are mostly plaques (some years with monetary value) and standing ovations. The last recipients of these awards in Akure CMU Ltd were Itaogbolu I CMS Ltd (First Position), Iju CPMS Ltd (Second Position) and Itaogbolu CPMS Ltd (Third Position). In doing this, Akure CMU Ltd engenders a culture for healthy competition among the primary cooperatives. Zhang and Li

(2011) concluded that awards and competitions are good at motivating participation and spreading good practice.

5.4 Akure CMU Ltd

5.4.1 Comparative statement of financial position of Akure CMU Ltd

Appendix 1 provides a comparative analysis of Akure CMU Ltd.'s financial position over five years using the common size approach. The balance sheet components for 2018, 2019, 2020, 2021, and 2022 are outlined. Notably, there was a consistent upward trend in current assets, non-current assets, and total assets, with a slight dip in 2020. Total assets peaked at Nigerian ₦ 79.09 million in 2022 and hit the lowest point at Nigerian ₦ 61.62 million in 2018. Similarly, current liabilities, non-current liabilities, and total liabilities followed this trend, with the highest liabilities of ₦ 34.13 million in 2022 and the lowest at ₦ 12.44 million in 2019.

The data as illustrated in Fig 7 reveals a decline in the proportion of total liabilities relative to total assets, decreasing from 47.63% (highest) in 2018 to 20.17% (lowest) in 2019. This suggests improved financial stability in 2019 compared to previous years. Importantly, Akure CMU Ltd. benefits from an exemption from company income tax in accordance with Nigerian cooperative regulations. This exemption is outlined in section 23 of the Companies Income Tax and Section 20(2) of the Nigeria Cooperative Societies Act (NCSA, 2004). Additionally, section 20(1) of the Act provides exceptions for stamp duties on all cooperative activities. This is a financial analysis method that presents financial statement items as percentages of total assets, which helps in comparing financial performance across different time periods or with other companies. The data shows that Akure CMU Ltd. experienced consistent growth in its assets over the five-year period, indicating a positive trend in its financial health. The dip in 2020 might warrant further investigation to understand the reasons behind it. The increase in liabilities in 2022 might also require scrutiny to ensure it doesn't pose financial risks. Overall, Appendix 1 provides valuable insights into Akure CMU Ltd.'s financial position and highlights its improving financial stability and tax advantages.

5.4.2 Trend analysis of Akure CMU Ltd

Figure 8 shows the trend Analysis of Akure CMU LTD for the key financial ratios over the years 2018 to 2022 reveals the following observations. In 2018, the current assets were 65.71% of total assets. This ratio increased steadily to 67.83% in 2019 and 67.87% in 2020 There was a significant jump to 76.52% in 2021, and it continued to rise to 77.56% in 2022. This suggests a consistent increase in the proportion of current assets relative to total assets over the five-year

period. In 2018, the total current assets were 34.29% of total assets. this ratio decreased to 32.17% in 2019 and 32.13% in 2020. There was a notable drop to 23.49% in 2021, and it further decreased to 22.44% in 2022 This indicates a declining trend in the proportion of non-current assets relative to total assets, probably due to inflation.

In 2018, the total equity was 52.35% of the total liabilities and equity. It increased substantially to 79.83% in 2019, indicating a significant rise in equity relative to the total. It then decreased to 58.47% in 2020 and increased slightly to 59.92% in 2021. It decreased again to 56.85% in 2022, but it remains higher than the initial value. This demonstrates a fluctuating trend with a notable increase in 2019 followed by some fluctuations in subsequent years.

In summary, the trend analysis reveals significant changes in the composition of assets, liabilities, and equity over the five-year period. Notably, there is a consistent increase in the proportion of current assets relative to total assets, while the proportion of non-current assets has been declining. The ratios related to liabilities and equity show more variability and fluctuations over the same period. These trends provide valuable insights into the financial structure and composition of the entity over time.

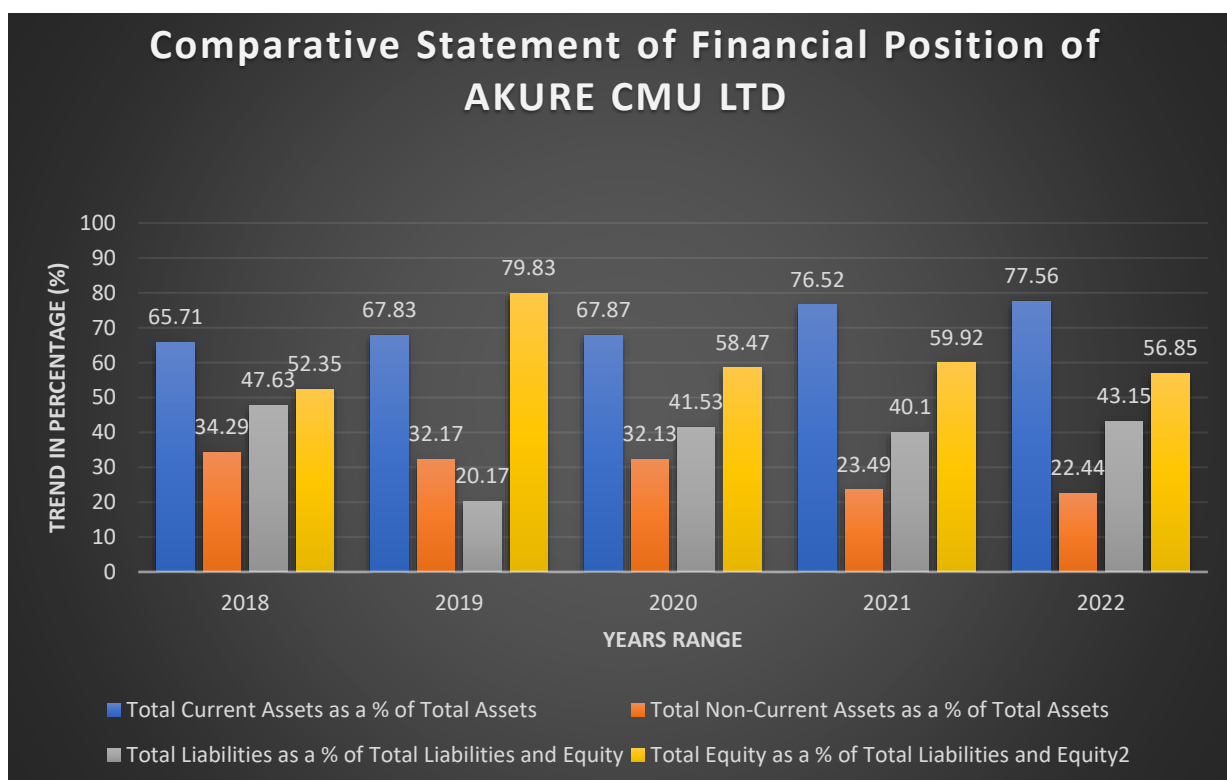


Figure 8: Trends Analysis of Total Current Assets, Total Non-Current Assets, Total Liabilities, and Total Equity for Akure CMU Ltd.

Source: Computed from the Annual Reports of Akure CMU Ltd

5.4.2 Comparative statement of profit or loss

Appendix 2 presents a comparative analysis of the profit or loss statements in absolute monetary terms. This analysis provides insights into the financial performance of the cooperative. In 2018, the cooperative generated a net income of ₦3.03 million, and this figure showed steady improvement over the subsequent years, reaching ₦5.38 million in 2021. However, there was a slight decline in net income in 2022, which amounted to ₦4.2 million. The appendix also reveals that the cooperative consistently achieved a gross profit exceeding ₦ 10 million from its trading activities over the course of these five years. Nevertheless, it's evident that the substantial total expenses incurred by the cooperative significantly offset the higher gross profit figures, resulting in the net income values mentioned earlier.

Despite this, it's important to note that the cooperative has effectively maintained its profitability throughout this period. Appendix 2 provides a detailed overview of the cooperative's financial performance over five years. It analyses the income and expenses associated with the cooperative's operations. The cooperative's net income, which is the profit after deducting all expenses, increased from ₦ 3.03 million in 2018 to ₦ 5.38 million in 2021, indicating a positive trend in profitability. However, there was a slight decrease in net income in 2022, where it dropped to ₦4.16 million. This suggests that the cooperative faced some financial challenges or incurred higher expenses during that year.

5.4.3 Liquidity ratio analysis

Appendix 3 presents the liquidity ratio analysis over five-year period. The current ratio and quick ratio are both important financial ratios used to assess a cooperative's liquidity and its ability to meet its short-term financial obligations. In 2018, the current ratio was 1.42 It suggests the company had a relatively healthy liquidity position. In 2019, the current ratio increased significantly to 3.60. This indicates a substantial improvement in the company's liquidity. It had 3.60 units of current assets, reflecting a strong ability to cover short-term obligations. In 2020, The current ratio dropped to 1.69 in 2020. While it is still above 1, which generally suggests liquidity, it's lower than the previous year, indicating that the company may have experienced some liquidity challenges or changes in its working capital. In 2021, the current ratio increased to 1.97. This suggests an improvement in liquidity compared to 2020 but is still lower than the peak in 2019. The company had 1.97 units of current assets for every unit of current liabilities.

In 2022, the current ratio in 2022 was 1.84. This suggests a reasonable level of liquidity but is slightly lower than the previous year.

In 2018, the quick ratio was 1.28. This ratio only considers the most liquid current assets (usually excluding inventory) to cover current liabilities. It suggests that the cooperative 1.28 units of highly liquid assets to cover each unit of current liabilities. In 2019, The quick ratio surged to 3.28 in 2019, indicating a very strong liquidity position. The cooperative had more than enough highly liquid assets to cover its short-term obligations. In 2020, The quick ratio decreased to 1.64 in 2020, suggesting a decrease in liquidity compared to the previous year. While still above 1, it indicates a potential decrease in the cooperative's ability to meet its short-term obligations without relying on less liquid assets. In 202, the quick ratio improved to 1.92, indicating better liquidity than in 2020. The cooperative had 1.92 units of highly liquid assets for every unit of current liabilities. In 2022, the quick ratio in 2022 was 1.76, indicating that the company had 1.76 units of highly liquid assets to cover each unit of current liabilities. This suggests a reasonably strong liquidity position but slightly lower than the previous year.

5.4.4 Turnover ratio analysis

Appendix 4 presents Turnover Ratio Analysis. The turnover ratios computed are financial metrics that measure how efficiently a company is managing its assets and liabilities. Let's interpret and explain each of these ratios for the years 2018, 2019, 2020, 2021, and 2022 based on the provided values. In 2018, the inventory turnover was 41, which indicates that, on average, the company sold and replaced its inventory 41 times during the year. A high inventory turnover often suggests efficient inventory management and quick sales. In 2019, the inventory turnover dramatically increased to 662. This is an extremely high turnover rate, suggesting that the company sold and replaced its inventory very rapidly. The inventory turnover decreased to 145 in 2020, but it's still relatively high. This suggests that the company continued to manage its inventory efficiently, although not as aggressively as in 2019. In 2021, the inventory turnover remained healthy at 227, indicating efficient inventory management and a good balance between sales and stock replenishment. Finally, in 2022 the inventory turnover decreased to 89, suggesting that the cooperative sold and replaced its inventory less frequently than in the previous year. This could be due to changing market conditions or business strategies.

In 2018, the accounts receivables turnover was 44, indicating that, on average, the company collected its outstanding receivables 44 times during the year. This suggests efficient management of accounts receivable. The accounts receivables turnover increased significantly

to 127 in 2019. This suggests that the company was collecting its receivables at a much faster rate, potentially indicating improved credit management or payment terms. In 2020, the turnover decreased to 73, suggesting a slower rate of collecting accounts receivable compared to the previous year but still reasonably efficient. 2021, The accounts receivables turnover increased substantially to 255 in 2021, indicating a very efficient collection of receivables. In 2022, the turnover was 196, suggesting continued efficiency in collecting accounts receivable, although slightly lower than the previous year.

In 2018, the accounts payable turnover was 9, indicating that, on average, the company paid its accounts payable 9 times during the year. This suggests a relatively slow payment cycle. The turnover increased significantly to 104 in 2019, suggesting a much faster payment cycle. The cooperative was paying its bills more rapidly. In 2020, the turnover remained relatively low at 12, indicating a slower payment cycle compared to the previous year. The accounts payable turnover increased to 19 in 2021, suggesting a faster payment cycle and improved management of accounts payable. In 2022, the turnover was 11, indicating a slightly slower payment cycle compared to 2021 but still more efficient than in 2018 and 2020.

In 2018, the assets turnover was 3, suggesting that the cooperative generated three times its total assets in revenue during the year. This indicates efficient asset utilization. The turnover remained consistent at 3 in 2019, suggesting continued efficient use of assets to generate revenue. In 2020, the turnover remained at 3, indicating that the company continued to utilize its assets efficiently. The assets turnover increased to 4 in 2021, indicating even more efficient utilization of assets to generate revenue. In 2022, the turnover returned to 3, suggesting that the company maintained its asset efficiency but didn't improve it further.

In 2018, the capital turnover was 2, indicating that the company generated twice its total capital in revenue during the year. The turnover increased to 3 in 2019, suggesting more efficient use of capital to generate revenue. In 2020, the turnover remained at 3, indicating continued efficient capital utilization. The capital turnover further increased to 4 in 2021, indicating even more efficient use of capital.

5.4.5 Profitability ratio analysis

Appendix 5 shows the Profitability Ratio Analysis. The gross profit margin and net profit margin are financial ratios that provide insights into a company's profitability and operational efficiency. The gross profit margin is a measure of how efficiently a company generates profit from its direct production or core operations. Here are the given gross profit margin values for

each year: 2018: 7.70%, 2019: 6.32%, 2020: 6.75%, 2021: 4.47%, and 2022: 5.70%. The gross profit margin represents the percentage of revenue that remains after deducting the direct costs of producing goods or services. A higher gross profit margin indicates that the company can maintain lower production costs relative to its revenue, which can be a positive sign of operational efficiency and effective cost management. Conversely, a declining gross profit margin might indicate rising production costs or potential pricing pressures.

The company's gross profit margin has experienced some fluctuations over the years, but it has generally remained in the range of 4.47% to 7.70%. This suggests that the company's ability to manage direct production costs has varied, potentially due to changes in input costs or production efficiencies.

The net profit margin reflects the portion of revenue that translates into actual profit after accounting for all operating expenses, interest, taxes, and other costs. Here are the given net profit margin values for each year: 2018: 1.85%, 2019: 1.94%, 2020: 2.16%, 2021: 1.72%, and 2022: 1.73%. The net profit margin is a crucial measure of overall profitability and financial health. It indicates how well a company is managing not only its core operations but also its indirect costs and financial obligations. A higher net profit margin signifies better profitability, as the company can retain a larger proportion of its revenue as profit. Conversely, a declining net profit margin might signal increasing operating expenses, interest payments, or taxes.

5.4.6 Operational efficiency ratio analysis

Appendix 6 presents the operational efficiency ratio analysis. Return on Investment (ROI) and Return on Equity (ROE) are financial ratios that measure a cooperative profitability and its operational efficiency in generating returns for its investors or shareholders. ROI is a measure of the profitability of an investment. It evaluates the return generated relative to the investment cost. Here are the given ROI values for each year: 2018: 4.92%, 2019: 5.79%, 2020: 6.68%, 2021: 7.61%, and 2022: 5.34%. ROI has generally been increasing over the years, which is a positive sign. The ROI values range from 4.92% to 7.61%, suggesting that the company has been making reasonably profitable investments during this period. A ROI above 0% indicates that the company's investments are yielding positive returns.

ROE measures a company's profitability by evaluating how efficiently it uses its shareholders' equity to generate profits. Here are the given ROE values for each year: 2018: 9.39%, 2019: 7.25%, 2020: 11.43%, 2021: 12.72%, and 2022: 9.39%. ROE has shown fluctuations over the years but generally remained in the range of 7.25% to 12.72%. This indicates that the company

has been using shareholders' equity to generate profits with varying efficiency. In 2021, ROE reached its highest point at 12.72%, suggesting that the company was particularly efficient in generating profits from shareholders' equity that year. ROE values above 0% indicate that the company is generating profits from shareholders' equity, which is a fundamental goal for most businesses.

5.5 Owo CMU Ltd

5.5.1 Comparative statement of financial position of Owo CMU Ltd

Appendix 8 compares Akure CMU Ltd.'s financial position over five years using the common size approach. The balance sheet components for 2018, 2019, 2020, 2021, and 2022 are outlined. Notably, there was an inconsistent trend in current assets, non-current assets, and total assets, with a slight dip in 2021. Total assets opened at Nigerian ₦56.30 million in 2018 and hit the lowest point at Nigerian ₦47.29 million in 2021. Similarly, current liabilities, non-current liabilities, and total liabilities followed this trend, with the highest total liabilities of ₦26.62 million in 2018 and the lowest at ₦17.56 million in 2021.

5.5.2 Trend analysis of Owo CMU Ltd

Figure 9 shows the trend Analysis of Owo CMU Ltd. The trend analysis for the key financial ratios over the years 2018 to 2022 provides the following insights. The total current assets as percentage of total Assets increased steadily from 63.91% in 2018 to 68.04% in 2020, indicating a rising proportion of current assets relative to total assets. In 2021, there was a slight decrease to 66.78%, but it rebounded to 67.25% in 2022. Overall, the trend suggests that the entity has been maintaining a relatively high percentage of current assets compared to total assets. In 2018, this ratio was 36.09% of total assets. It decreased to 34.53% in 2019, further to 31.96% in 2020, and then increased slightly to 33.22% in 2021 before reaching 32.75% in 2022. The trend indicates a decline in the proportion of non-current assets relative to total assets, although there was a modest uptick in 2021. In 2018, this ratio was 47.28% of the total liabilities and equity. It decreased to 44.70% in 2019, indicating a declining share of total liabilities. In 2020, it saw a significant drop to 37.13%, and this level was maintained in 2021. There was a notable increase to 47.84% in 2022. The trend shows variability, with a substantial reduction in liabilities in 2020 followed by a rebound in 2022. In 2018, total Equity as % of Total assets, this ratio was 52.72% of the total liabilities and equity. It increased to 55.30% in 2019 and further to 62.87% in both 2020 and 2021. In 2022, it decreased to 52.87%. The trend suggests

a significant rise in equity's share relative to the total in 2019 and 2020, but this was followed by a decline in 2022.

In summary, the trend analysis reveals several noteworthy patterns: A consistent increase in the proportion of current assets relative to total assets, indicating an emphasis on liquidity. A fluctuating trend in the proportion of non-current assets relative to total assets, with a slight decline over the years. Variability in the ratio of total liabilities to total liabilities and equity, with a substantial reduction in 2020 and a subsequent increase in 2022. A significant increase in the share of equity relative to the total in 2019 and 2020, followed by a decline in 2022.

These trends provide insights into the entity's financial structure and its management of current and non-current assets, liabilities, and equity over the five-year period.

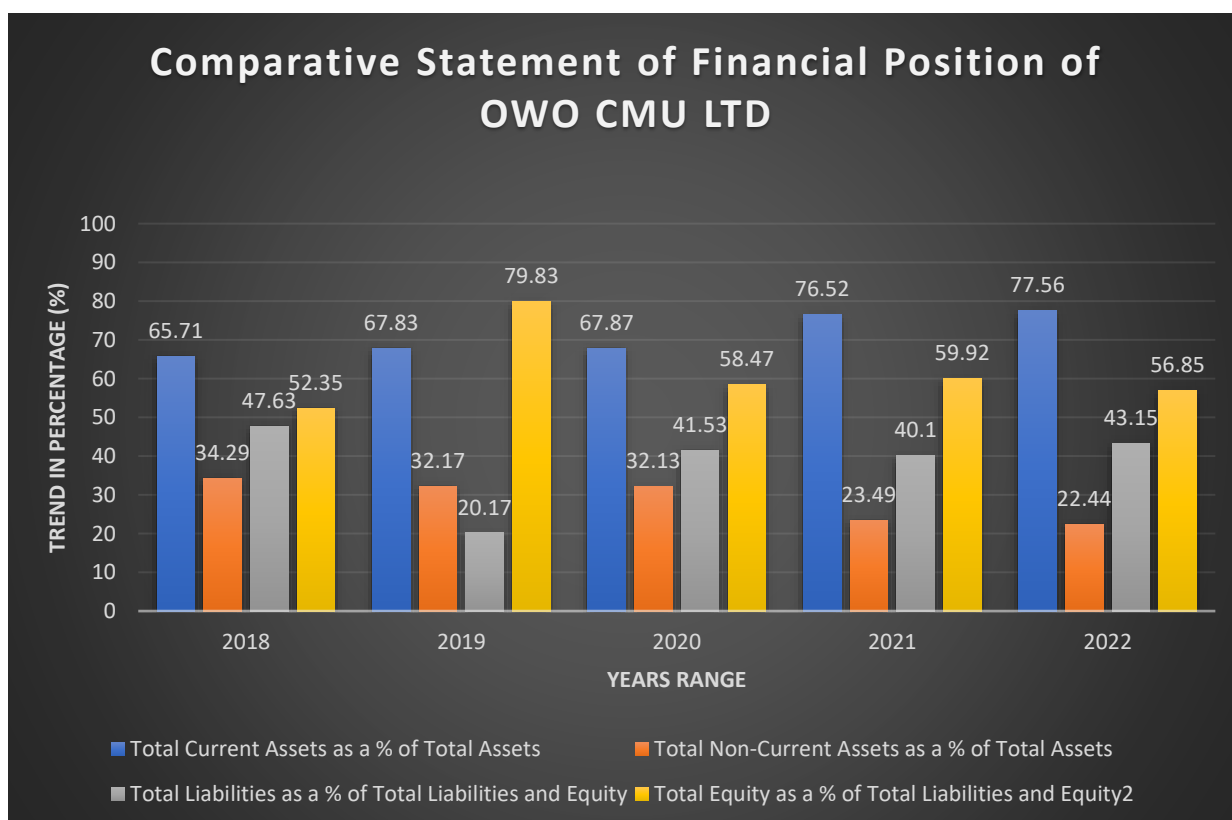


Figure 9: Trends Analysis of Total Current Assets, Total Non-Current Assets, Total Liabilities, and Total Equity for Owo CMU Ltd.

Source: Computed from the Annual Reports of Owo CMU Ltd

5.5.3 Comparative statement of profit or loss of Owo CMU Ltd

Appendix 9 presents a comparative analysis of the profit or loss statements in absolute monetary terms. This analysis provides insights into the financial performance of the cooperative. In 2018, the cooperative generated a net income of ₦12.27 million, and this figure showed steady

improvement over the subsequent years, reaching ₦ 18.52 million in 2022. The appendix also reveals that the cooperative consistently achieved a gross profit exceeding ₦19 million from its trading activities over the course of these five years. Nevertheless, it is evident that the substantial total expenses incurred by the cooperative significantly offset the higher gross profit figures, resulting in the net income values mentioned earlier.

Despite this, it's important to note that the cooperative has effectively maintained its profitability throughout this period. Appendix 2 provides a detailed overview of the cooperative's financial performance over five years. It analyzes the income and expenses associated with the cooperative's operations. The cooperative's net income, which is the profit after deducting all expenses, increased from ₦ 3.03 million in 2018 to ₦ 5.38 million in 2021, indicating a positive trend in profitability. The cooperative consistently generated a gross profit of over ₦ 19 million each year. Gross profit is the revenue remaining after deducting the cost of goods sold (direct costs associated with production or acquisition of goods).

5.5.4 Liquidity Ratio Analysis

Appendix 10 presents the Liquidity Ratio Analysis from 2018 to 2022 for the cooperative. A current ratio of 1.26 suggests that the company had ₦1.26 in current assets for every ₦1 in current liabilities in 2018. This indicates that the company had a moderate level of liquidity, which means it had some room to cover its short-term obligations but might not be in an exceptionally strong position. 2019 (Current Ratio: 2.96): The current ratio increased significantly in 2019 to 2.96, indicating a substantial improvement in liquidity. This could be a positive sign, suggesting that the company had significantly more current assets than current liabilities, potentially allowing it to cover short-term obligations comfortably. The current ratio dropped in 2020 to 1.47, indicating a decrease in liquidity compared to the previous year. While the company still had more current assets than current liabilities, it was not as liquid as it was in 2019. The current ratio further decreased in 2021 to 1.15, suggesting a potential liquidity challenge. With a current ratio slightly above 1, the company might be just able to meet its short-term obligations but may have limited flexibility. In 2022, the current ratio dropped below 1 to 0.96, indicating a potentially precarious financial situation. A current ratio below 1 suggests that the company may struggle to cover its short-term liabilities with its current assets. This could be a concerning sign for creditors and investors. In summary, the trend in the current ratio analysis shows that the company had improving liquidity from 2018 to 2019 but faced challenges from 2020 onwards, with a decreasing trend in liquidity. A current ratio below 1 in 2022 is a red flag, indicating a potential liquidity crisis that may require immediate attention

and financial management. Further analysis and context about the company's industry and financial health are needed to draw more specific conclusions.

A quick ratio of 1.15 suggests that in 2018, the cooperative had ₱1.15 in highly liquid assets (usually cash, cash equivalents, and accounts receivable) for every ₱1 in short-term liabilities. This indicates that the company had a reasonably good ability to cover its short-term obligations with its most liquid assets. The quick ratio increased significantly in 2019 to 2.73, indicating a substantial improvement in short-term liquidity. This suggests that the company had a very strong ability to cover its short-term liabilities with its most liquid assets in 2019. In 2020, the quick ratio decreased to 1.35, but it still indicates a relatively healthy level of liquidity. The company had ₱1.35 in liquid assets for every ₱1 in short-term liabilities, which is generally considered a good position. 2021. The quick ratio decreased further in 2021 to 1.08, suggesting a slight reduction in short-term liquidity. While the company still had more liquid assets than short-term liabilities, it was not as well-positioned as it was in 2019 or 2020. In 2022, the quick ratio dropped to 0.89, which is below 1. A quick ratio below 1 indicates that the company may have difficulty covering its short-term liabilities with its most liquid assets, potentially raising concerns about liquidity. In summary, the quick ratio analysis shows that the company had strong short-term liquidity in 2019, followed by reasonably healthy liquidity in 2018 and 2020. However, the ratio declined in 2021 and fell below 1 in 2022, indicating a potential liquidity challenge. A quick ratio below 1 may raise concerns about the company's ability to meet its short-term obligations without relying on inventory sales.

Appendix 11 presents the Turnover Ratio Analysis for this cooperative. The inventory turnover ratio, accounts receivable turnover ratio, accounts payable turnover ratio, and asset turnover ratio are all important financial metrics that provide insights into a company's operational efficiency and management of its assets and liabilities.

Inventory turnover measures how many times a company's inventory is sold and replaced during a specific period. The values for inventory turnover are 40, 48, 47, 70, and 67 for 2018, 2019, 2020, 2021, and 2022, respectively. An increasing trend in inventory turnover generally indicates that the company is managing its inventory more efficiently and selling products more quickly. The company's inventory turnover increased from 40 in 2018 to 67 in 2022. This suggests that the company improved its inventory management and sold products more rapidly over this period.

Accounts receivable turnover measures how quickly a company collects payments from customers for credit sales. The values for accounts receivable turnover are 56, 63, 51, 83, and

100 for 2018, 2019, 2020, 2021, and 2022, respectively. An increasing accounts receivable turnover indicates that the company is collecting payments from customers more efficiently. The company's accounts receivable turnover increased steadily from 56 in 2018 to 100 in 2022. This suggests that the company improved its collection of accounts receivable and reduced the time it takes to collect payments from customers.

Accounts payable turnover measures how quickly a company pays its suppliers and manages its trade payables. The values for accounts payable turnover are 8, 8, 10, 13, and 16 for 2018, 2019, 2020, 2021, and 2022, respectively. An increasing accounts payable turnover suggests that the company is managing its trade payables more efficiently. The company's accounts payable turnover increased from 8 in 2018 to 16 in 2022. This indicates that the company is paying its suppliers more rapidly over this period, which could be a sign of improved cash flow management.

Asset turnover measures how efficiently a company uses its total assets to generate revenue. The values for asset turnover are 3, 3, 3, 4, and 4 for 2018, 2019, 2020, 2021, and 2022, respectively. An increasing asset turnover indicates that the company is generating more revenue for each Naira of assets. The company's asset turnover remained consistent at 3 from 2018 to 2020 and then increased to 4 in 2021 and 2022. This suggests that the company became more efficient in utilizing its assets to generate revenue, which is a positive sign for profitability.

5.5.5 Profitability Ratio Analysis

Appendix 12 shows the Profitability Ratio Analysis. The gross profit margin and net profit margin are important financial ratios that provide insights into a company's profitability and efficiency in managing its costs and expenses. The gross profit margin values are 13.38% (2018), 18.38% (2019), 19.16% (2020), 21.58% (2021), and 20.21% (2022). The trend shows a consistent increase in the gross profit margin from 2018 to 2021, followed by a slight decrease in 2022. The cooperative improved its efficiency in managing its production or procurement costs during this period. The peak in 2021 suggests particularly efficient operations. The net profit margin values are 8.35% (2018), 10.88% (2019), 11.13% (2020), 10.24% (2021), and 9.47% (2022). The trend shows an increase in net profit margin from 2018 to 2020, indicating improved overall profitability. However, in 2021 and 2022, the net profit margin declined slightly, suggesting that while the company remained profitable, its profitability decreased. In summary, the gross profit margin improved consistently from 2018 to 2021, indicating efficient management of production or procurement costs. However, there was a slight dip in 2022. On the other hand, the net profit margin showed a similar trend of improvement until 2020, but it

decreased slightly in 2021 and 2022, suggesting that while the company remained profitable, it faced challenges in maintaining the same level of profitability due to potentially increased operating expenses, taxes, or other factors.

5.5.6 Operating Efficiency Ratios Analysis

Appendix 13 presents the Operating Efficiency Ratios Analysis. Return on Investment (ROI) and Return on Equity (ROE) are important financial metrics that measure a company's profitability and efficiency in generating returns for its investors and shareholders. ROI measures the return generated from investments, often considering both debt and equity capital. The ROI values are 21.79% (2018), 32.99% (2019), 33.61% (2020), 38.68% (2021), and 38.91% (2022). The trend in ROI shows a consistent increase from 2018 to 2022. The increasing ROI suggests that the company's investments have been generating higher returns over this period, which is generally a positive sign for investors. ROE measures the return generated for shareholders' equity, indicating how effectively the cooperative is using shareholders' investments to generate profits. The ROE values are 41.34% (2018), 59.66% (2019), 53.46% (2020), 61.52% (2021), and 62.09% (2022). The trend in ROE shows an increase from 2018 to 2019, a slight decline in 2020, followed by a subsequent increase in 2021 and 2022. The company had a high ROE throughout the period, which indicates that it was effectively using shareholders' equity to generate profits.

5.5.7 Solvency Ratios Analysis

Appendix 14 presents the Solvency Ratios Analysis. The Debt/Equity Solvency Ratio and Debt/Total Assets Solvency Ratio are financial metrics that assess a company's financial leverage and its ability to meet its financial obligations.

The Debt/Equity Solvency Ratio measures the proportion of a company's debt in relation to its shareholders' equity. It indicates the extent to which a company is financed by debt versus equity. The values for the Debt/Equity Solvency Ratio are consistently very low at 0.001 for each year from 2018 to 2022. A ratio of 0.001 suggests that the company has a minimal amount of debt relative to its equity. This implies that the company primarily relies on equity financing to support its operations and has a very low level of debt.

5.6 Alade-Idanre CMU Ltd

5.6.1 Comparative Statements of Financial Position of Alade-Idanre CMU LTD

Appendix 15 presents the Comparative Statements of Financial Position of Alade-Idanre CMU LTD over the years 2018 to 2022. The focus of this analysis is on the provided financial data and on key aspects of the balance sheet and equity to assess the company's financial health and stability. The trend in non-current assets shows fluctuations over the years, ranging from ₦0.79 million to ₦1.26 million. Although there are fluctuations, it appears that the company has been investing in non-current assets, which can include property, plant, and equipment. Current assets have generally increased from ₦21.86 million in 2018 to ₦25.23 million in 2021, with a slight dip to ₦23.66 million in 2022. The increase in current assets may indicate growing working capital, which can support day-to-day operations and business growth. Total assets have increased over the years, reaching ₦26.16 million in 2021, but then declining slightly to ₦24.82 million in 2022. The company's total assets reflect its asset base and capacity for generating revenue. Current liabilities have shown some fluctuations, with the highest amount in 2021 at ₦13.51 million. These fluctuations may reflect changes in short-term obligations, such as accounts payable and short-term debt. Non-current liabilities also fluctuated but generally increased over the years, reaching ₦4.80 million in 2022. These liabilities may include long-term debt and other obligations not due in the short term. Total equity represents the shareholders' ownership in the company. It has generally increased from ₦8.39 million in 2018 to ₦9.69 million in 2021, with a slight decrease to ₦8.64 million in 2022. The increase in equity suggests that the company has generated profits and retained earnings over the years. Alade-Idanre CMU Ltd appears to have experienced growth in both its current and non-current assets, indicating investment in its operations and assets. The fluctuations in current liabilities and non-current liabilities may suggest varying levels of short-term and long-term financial obligations. The total equity has generally increased, suggesting that the company has been profitable and has retained earnings. Overall, the company's financial position seems relatively stable, with a healthy mix of assets, liabilities, and equity. Additionally, a more in-depth analysis, such as profitability ratios and cash flow analysis, would provide a more comprehensive understanding of the company's financial performance and stability.

5.6.2 Trend Analysis of Alade Idanre CMU Ltd

Figure 10 shows the trend Analysis of Alade-Idanre CMU LTD. The trend analysis for the key financial ratios over the years 2018 to 2022 provides the following insights. Total current Assets

as % of Total Assets showed a relatively stable trend over the five-year period, ranging from 94.70% in 2019 to 96.51% in 2018. While there were minor fluctuations, the percentage of current assets compared to total assets remained consistently high, indicating a substantial emphasis on liquidity and short-term assets. Total non-current Assets as % of total assets in 2018, this ratio was 3.49% of total assets, followed by a noticeable increase to 5.30% in 2019. It then decreased to 4.00% in 2020, followed by a slight increase to 4.68% in 2022. The trend suggests a fluctuation in the proportion of non-current assets relative to total assets, with a notable increase in 2019. total liabilities as % of total liabilities and equity: In 2018, this ratio was 62.96% of the total liabilities and equity. It increased to 65.43% in 2019 and further to 66.39% in 2020, indicating a rising share of total liabilities. However, it decreased to 62.92% in 2021 and then increased again to 65.19% in 2022. The trend shows variability, with fluctuations in the proportion of liabilities relative to the total. Total equity as % of total liabilities and equity: In 2018, this ratio was 37.04% of the total liabilities and equity. It decreased to 34.57% in 2019 and further to 33.61% in 2020. However, there was an increase to 37.08% in 2021 before declining again to 34.81% in 2022. The trend suggests fluctuations in the share of equity relative to the total, with periodic increases followed by declines.

In summary, the trend analysis reveals several noteworthy patterns: Consistently high proportions of current assets relative to total assets, reflecting a focus on liquidity management. Fluctuations in the proportion of non-current assets relative to total assets, with a significant increase in 2019. Variability in the ratio of total liabilities to total liabilities and equity, with fluctuations in the share of liabilities. Periodic fluctuations in the percentage of equity relative to the total, with alternating increases and declines. These trends provide insights into the entity's financial structure, emphasizing liquidity management through a consistently high proportion of current assets, fluctuations in the composition of non-current assets, and variations in the relationship between liabilities and equity over the five-year period.

Comparative Statement of Financial Position of ALADE IDANRE CMU LTD

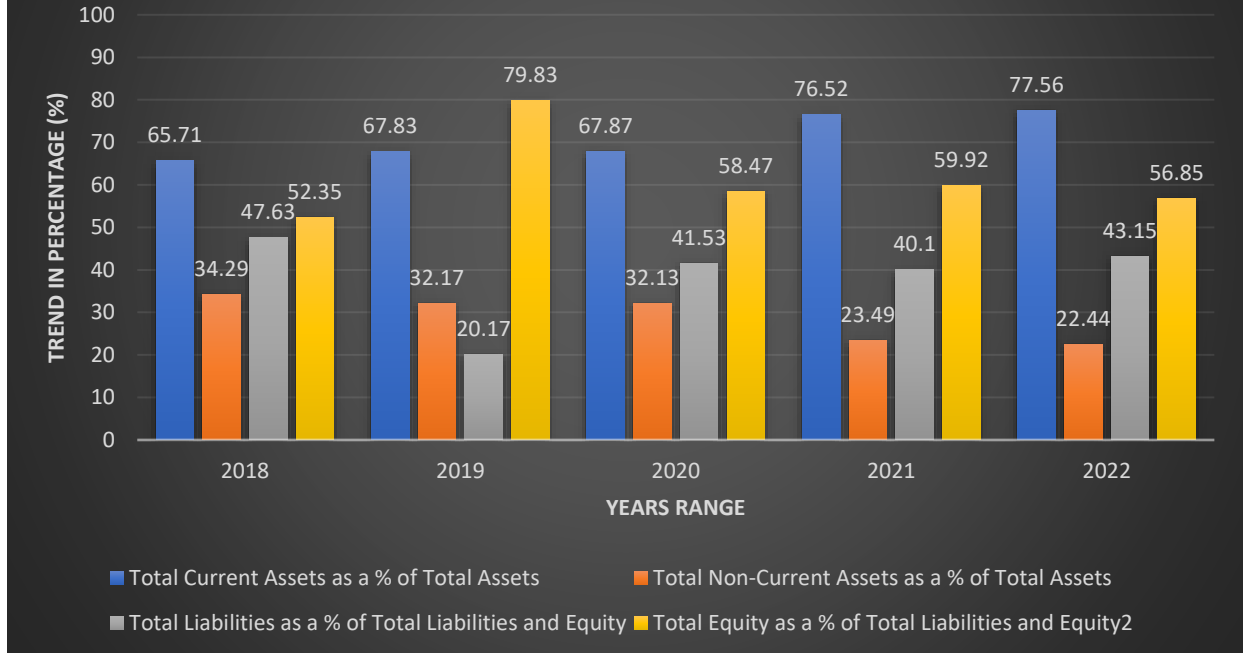


Figure 10: Trends Analysis of Total Current Assets, Total Non-Current Assets, Total Liabilities, and Total Equity for Alade Idanre Ltd.

Source: Computed from the Annual Reports of Alade-Idanre CMU Ltd

5.6.2 Comparative Statements of Profit or Loss for Alade Idanre CMU LTD

Appendix 16 shows the Comparative Statements of Profit or Loss for Alade-Idanre CMU LTD over the years 2018 to 2022. The focus of this analysis is on key aspects of the income statement to assess the company's revenue, expenses, and profitability. Total sales represent the company's revenue from its core operations. Total sales have generally increased over the years, reaching ₦180.32 million in 2021 but then slightly declining to ₦177.33 million in 2022. The increasing trend in sales suggests that the company has been successful in growing its revenue. The cost of sales has also increased over the years, reaching ₦173.27 million in 2021 and ₦170.21 million in 2022. The increasing cost of sales is in line with the rising total sales, indicating that the company's production costs have been in line with its revenue growth. The gross profit fluctuated over the years but generally increased from ₦3.56 million in 2018 to ₦7.12 million in 2022. The increasing trend in gross profit suggests that the company has been able to maintain or improve its profitability from its core operations. Total operating expenses include all expenses related to the company's operations, such as salaries, rent, utilities, and marketing costs. Total operating expenses have also increased over the years, reaching ₦ 3.58

million in 2022. The cooperative has experienced some fluctuations in operating expenses, but they appear to be relatively in line with its revenue growth. Net profit represents the company's bottom-line profit after deducting all expenses, including operating expenses and taxes. Net profit has shown some fluctuations but generally increased from ~~N~~ 1.29 million in 2018 to N3.85 million in 2022. The increasing trend in net profit suggests that the company has been able to improve its overall profitability over the years.

Alade Idanre CMU Ltd has shown growth in total sales and gross profit, indicating that its core operations have been successful in generating more revenue and profitability. The cooperative has also managed its operating expenses relatively well, keeping them in line with its revenue growth. The trend in net profit reflects the company's ability to translate its increasing revenue into improved profitability over the years. Overall, the cooperative appears to have a positive trend in its financial performance, with increasing sales and profitability.

5.6.3 Liquidity Ratios Analysis for Alade- Idanre CMU LTD

Appendix 17 presents the Liquidity Ratios Analysis for Alade-Idanre CMU LTD. The current ratio and quick ratio are financial metrics that assess a company's liquidity and its ability to meet its short-term financial obligations. Let's interpret the provided values for each of these ratios for Alade Idanre CMU Ltd for the years 2018 to 2022. The current ratios are 1.87 (2018), 2.07 (2019), 1.83 (2020), 1.86 (2021), and 2.08 (2022). A current ratio above 1 indicates that the company has more current assets than current liabilities, suggesting that it is generally able to cover its short-term obligations. The trend in current ratios indicates that the company has maintained a current ratio above 1 over the years, which is a positive sign for liquidity. The ratios are relatively stable, with some fluctuations. The quick ratios are 1.82 (2018), 2.01 (2019), 1.79 (2020), 1.82 (2021), and 2.02 (2022). A quick ratio above 1 suggests that the company has more highly liquid assets (typically cash, cash equivalents, and accounts receivable) than short-term liabilities, indicating good liquidity and the ability to cover immediate obligations. Like the current ratio, the quick ratios also indicate a consistent and relatively stable level of liquidity over the years.

Both the current ratio and quick ratio consistently show values above 1 for all years, indicating that Alade-Idanre CMU Ltd has maintained good liquidity throughout the period.

5.6.4 Turnover Ratios Analysis for Alade Idanre CMU LTD

Appendix 18 presents the Turnover Ratios Analysis for Alade-Idanre CMU LTD. The inventory turnover ratio, accounts receivable turnover ratio, accounts payable turnover ratio, assets

turnover ratio, and capital turnover ratio are important financial metrics that provide insights into a company's efficiency in managing its assets and liabilities and generating revenue. The inventory turnover ratios are 289 (2018), 246 (2019), 258 (2020), 289 (2021), and 240 (2022). A higher inventory turnover ratio indicates that the cooperative is selling its inventory more quickly. The trend shows fluctuations but generally suggests efficient inventory management, as the ratios are relatively high.

Accounts receivable turnover measures how quickly a company collects payments from customers for credit sales. The accounts receivable turnover ratios are 17 (2018), 17 (2019), 18 (2020), 17 (2021), and 18 (2022). These ratios indicate how many times receivables are collected during a year. The ratios are relatively stable and suggest that the company has been collecting payments from customers at a consistent pace. Accounts payable turnover measures how quickly a company pays its suppliers and manages its trade payables. The accounts payable turnover ratios are 15 (2018), 20 (2019), 14 (2020), 15 (2021), and 20 (2022). Higher ratios indicate that the company is paying its suppliers more rapidly. The company appears to have varying payment practices, with higher turnover in 2019 and 2022. The assets turnover ratios are consistently at 7 for each year from 2018 to 2022. A consistent assets turnover ratio indicates that the company is generating revenue efficiently relative to its asset base. The capital turnover ratios range from 20 to 22 over the years. The higher ratio indicates that the company generates more sales per unit of capital employed. The ratios are relatively consistent, suggesting consistent efficiency in using capital to generate sales. In summary, the analysis of these turnover ratios indicates that Alade-Idanre CMU Ltd has been managing its assets, liabilities, and capital efficiently over the years. The company appears to have effective inventory management, consistent collections from customers, and varying payment practices to suppliers. The consistent assets and capital turnover ratios suggest stable and efficient use of resources to generate revenue.

5.6.5 Profitability Ratios Analysis for Alade-Idanre CMU LTD

Appendix 19 shows the Profitability Ratios Analysis for Alade-Idanre CMU LTD. Gross Profit Margin and Net Profit Margin are important financial metrics that provide insights into a company's profitability and efficiency in managing its costs and expenses. We interpret the provided values for each of these ratios for Alade-Idanre CMU Ltd for the years 2018 to 2022. The Gross Profit Margin values are 3.56% (2018), 3.93% (2019), 8.91% (2020), 7.05% (2021), and 7.12% (2022). Gross Profit Margin increased significantly from 2018 to 2020, indicating

improved efficiency in managing production or procurement costs. In 2021 and 2022, the Gross Profit Margin remained relatively stable but at a higher level than in the earlier years. This suggests that the company has been able to maintain improved profitability.

The Net Profit Margin values are 0.84% (2018), 0.48% (2019), 3.80% (2020), 2.46% (2021), and 2.17% (2022). Net Profit Margin increased significantly from 2018 to 2020, indicating improved overall profitability. In 2021 and 2022, the Net Profit Margin remained relatively stable but at a higher level than in the earlier years. This suggests that the company has been able to maintain improved profitability.

5.6.6 Operating Efficiency Ratios Analysis for Alade-Idanre CMU LTD

Appendix 20 presents the Operating Efficiency Ratios Analysis for Alade-Idanre CMU LTD. Return on Investment (ROI) and Return on Equity (ROE) are important financial ratios that help assess a company's financial performance and efficiency. The ROI ratios for Alade-Idanre CMU Ltd vary significantly from year to year. In 2020, the ROI was exceptionally high at 53.97%, indicating that the company generated a substantial return relative to its investments in that year. However, in 2019, the ROI was relatively low at 6.30%, which suggests that the company's investments didn't yield a significant return during that year. The ROI ratios for 2018, 2021, and 2022 fall within the range of 11.83% to 35.12%, indicating moderate to good returns on investments during those years. The ROE ratios also exhibit variability over the years, with the highest ROE of 85.63% recorded in 2020. This suggests that in 2020, Alade-Idanre CMU Ltd generated substantial profits relative to shareholders' equity. In 2019 had the lowest ROE at 10.47%, indicating lower profitability in that year. The ROE ratios for 2018, 2021, and 2022 range from 16.95% to 50.33%, indicating moderate to good returns on equity during those years. Overall, the cooperative's financial performance appears to have had some ups and downs over the years. The exceptionally high ROI and ROE in 2020 suggest a particularly profitable year, while 2019 had lower returns.

5.6.7 Solvency Ratios Analysis for Alade-Idanre CMU LTD

Appendix 21 shows the Solvency Ratios Analysis for Alade-Idanre CMU LTD

The Debt/Equity Solvency Ratio and Debt/Total Assets Solvency Ratio are important financial metrics that help assess a company's financial risk and its ability to meet its long-term obligation.

5.7 Odode-Idanre CMU Ltd

5.7.1 Comparative Statements of Financial Position of Odode-Idanre CMU LTD

Appendix 22 presents the Comparative Statements of Financial Position of Odode-Idanre CMU LTD. The comparative financial position of Odode-Idanre Ltd. over the years 2018 to 2022. The cooperative non-current assets have fluctuated over the years, with the highest value being ₦ 17.76 million in 2022 and the lowest being ₦ 13.27 million in 2021. This suggests that the company has been making investments in long-term assets and possibly disposing of some assets during this period. Current assets have generally increased from ₦ 28.30 million in 2018 to ₦ 35.88 million in 2022. This trend indicates that the company has been able to manage its short-term assets effectively, potentially due to increasing sales or efficient working capital management. Total assets have shown an increasing trend, reaching ₦ 53.64 million in 2022 from ₦ 44.81 million in 2018. Current liabilities have generally decreased over the years, from ₦ 13.49 million in 2018 to ₦ 10.30 million in 2022. This reduction in short-term obligations may indicate improved liquidity and a decreased need for short-term financing. Non-current liabilities remain constant at ₦ 0.75 million throughout the five-year period. This suggests that the company has not taken on additional long-term debt or has managed its existing debt consistently. Total equity has shown a positive trend, increasing from ₦ 30.57 million in 2018 to ₦ 42.59 million in 2022. This indicates that the company's net worth has been growing over the years, possibly due to profitability, capital injections, or retained earnings.

5.7.2 Trend Analysis of Odode-Idanre CMU Ltd

Figure 11 shows the trend analysis of Odode-Idanre CMU LTD. The trend analysis for the key financial ratios over the years 2018 to 2022. Total current assets as percentage of total assets shows an increasing trend from 63.16% in 2018 to 71.73% in 2021, with a subsequent decrease to 66.89% in 2022. The trend suggests that the proportion of current assets relative to total assets has generally been on the rise, peaking in 2021 before experiencing a slight decline in 2022. Total on-current Assets as percentage of total assets, in 2018, this ratio was 36.84% of total assets, followed by a decrease to 34.51% in 2019. It further declined to 32.13% in 2020, before increasing slightly to 33.11% in 2022. The trend indicates fluctuations in the proportion of non-current assets relative to total assets, with a notable decrease in 2021. Total liabilities as percentage of total liabilities and Equity: This ratio started at 31.79% in 2018, remained relatively stable in 2019 (31.32%), and then increased to 32.72% in 2020. However, there was a significant decrease to 26.80% in 2021, followed by a further decline to 20.60% in 2022. The

trend reveals fluctuations in the ratio of total liabilities relative to total liabilities and equity, with a substantial decrease in 2021 and 2022. Total equity as percentage of total liabilities and Equity: In 2018, this ratio was 68.21% of the total liabilities and equity, and it remained relatively stable in 2019 (68.68%). However, there was a decrease to 67.28% in 2020, followed by a notable increase to 73.20% in 2021 and a further rise to 79.40% in 2022. The trend indicates fluctuations in the percentage of equity relative to the total, with significant increases in 2021 and 2022.

In summary, the trend analysis reveals several noteworthy patterns: An increasing proportion of current assets relative to total assets, with a peak in 2021. Fluctuations in the ratio of non-current assets to total assets, with a significant decrease in 2021 Variability in the ratio of total liabilities to total liabilities and equity, with a substantial decrease in 2021 and 2022. Periodic fluctuations in the percentage of equity relative to the total, with significant increases in 2021 and 2022. These trends provide insights into the entity's financial structure, indicating a growing emphasis on current assets and equity in recent years, as well as fluctuations in the composition of non-current assets and liabilities.

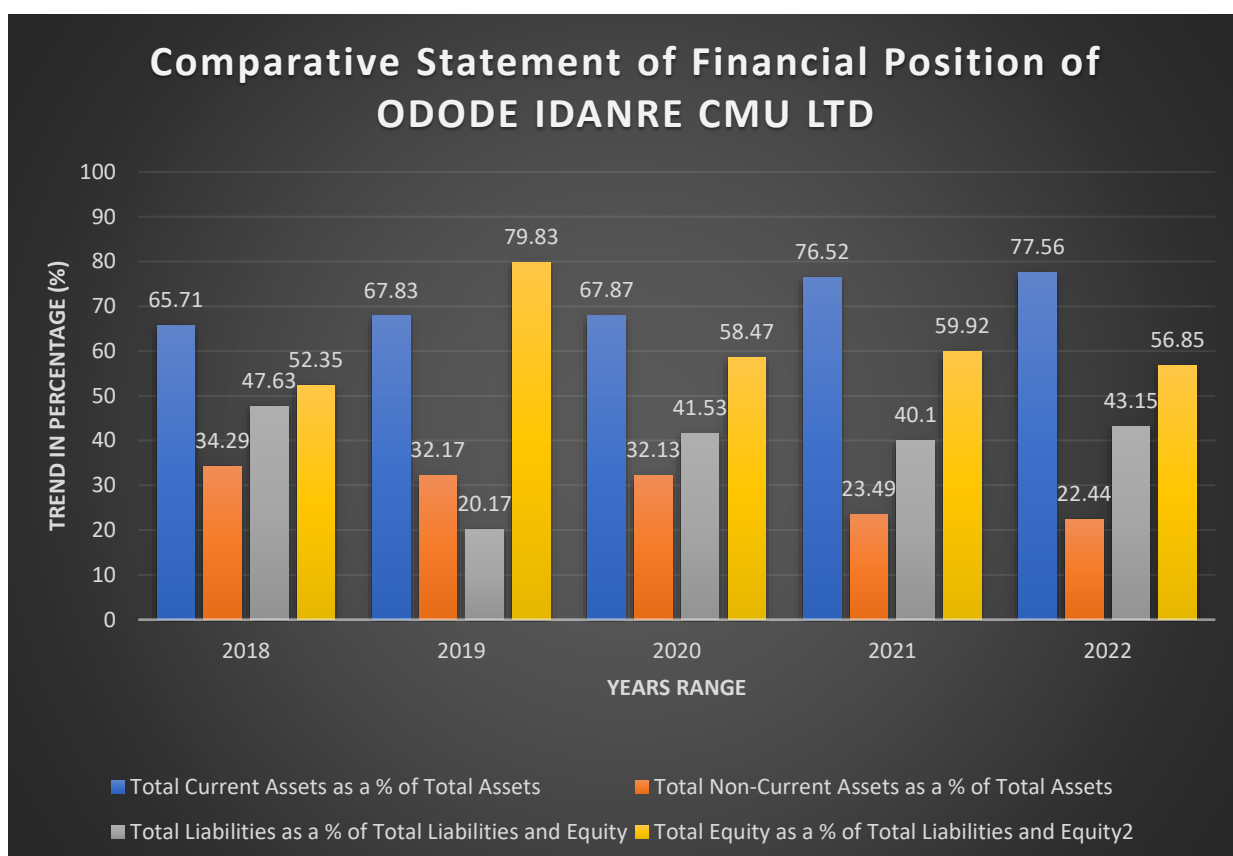


Figure 11: Trends Analysis of Total Current Assets, Total Non-Current Assets, Total Liabilities, and Total Equity for Odode-Idanre CMU Ltd.

Source: Computed from the Annual Reports of Odode-Idanre CMU Ltd

Appendix 23 presents the Comparative Statements of Profit or Loss for Odode-Idanre CMU LTD. The comparative statement of profit or loss for Odode-Idanre CMU Ltd. over the years 2018 to 2022. The total sales have shown consistent growth over the five-year period, increasing from ₦ 90.55 million in 2018 to ₦ 140.25 million in 2022. This suggests that the company has been successful in generating increasing revenue from its operations. The cost of sales has also increased over the years, which is expected as sales volume has grown. It went from ₦ 74.31 million in 2018 to ₦ 110.96 million in 2022. This indicates that the company is incurring higher costs to produce or acquire the goods it sells. Gross profit, which is calculated as total sales minus cost of sales, has generally shown an increasing trend. It grew from ₦ 16.24 million in 2018 to ₦ 29.29 million in 2022. This indicates that the company has been able to maintain a healthy margin on its products or services. Total operating expenses have also increased over the years, rising from ₦ 9.39 million in 2018 to ₦ 19.68 million in 2022. This can be due to various factors such as increased marketing expenses, administrative costs, or expansion efforts. Net profit represents the bottom line and reflects the company's overall profitability. It shows fluctuations over the years, with the highest net profit of ₦ 10.81 million in 2022. However, there was a dip in profitability in 2020 with a net profit of ₦ 3.88 million, which could be attributed to increased operating expenses or other factors.

In summary, Odode-Idanre CMU Ltd. has experienced revenue growth over the years, which is a positive sign. The company has also managed to maintain a healthy gross profit margin, indicating efficient cost management. However, it is important to investigate the reasons behind the fluctuation in net profit, especially the significant drop in 2020, to assess the company's overall financial performance and sustainability. Further analysis of expenses and other financial ratios would provide a more comprehensive view of the company's financial health.

5.7.3 Liquidity Ratios Analysis for Odode-Idanre CMU LTD

Appendix 24 presents the Liquidity Ratios Analysis for Odode-Idanre CMU LTD. The current ratio and quick ratio are important financial ratios that measure a company's liquidity and ability to meet its short-term financial obligations. The current and quick ratios for Odode-Idanre CMU Ltd over the years 2018 to 2022 is interpreted thus. The current ratio is calculated as current assets divided by current liabilities. It represents the company's ability to pay its short-term obligations using its current assets. The current ratio has shown a generally healthy trend over the five-year period, ranging from 2.10 in 2018 to 3.48 in 2022. A current ratio above 1.0 indicates that the company has more current assets than current liabilities, which is a positive

sign. A ratio of 2.0 or higher is generally considered strong liquidity. The increasing trend in the current ratio suggests that Odode-Idanre CMU Ltd. has improved its short-term liquidity position over the years, which can be beneficial for meeting day-to-day expenses and obligations.

The quick ratio has also shown a generally healthy trend over the five years, ranging from 1.91 in 2018 to 3.17 in 2022. A quick ratio above 1.0 indicates that the company can meet its short-term obligations without relying heavily on inventory sales. A ratio of 1.0 or higher is typically considered favorable. Like the current ratio, the increasing trend in the quick ratio suggests that the company has improved its liquidity position over the years, which is positive for its ability to cover immediate financial commitments. In summary, Odode-Idanre CMU Ltd. has demonstrated strong liquidity over the five-year period, with both the current ratio and quick ratio consistently above 1.0.

5.7.4 Turnover Ratios Analysis for Odode-Idanre CMU LTD

Appendix 25 presents the Turnover Ratios Analysis for Odode-Idanre CMU LTD. The inventory turnover ratio, receivables turnover ratio, payables turnover ratio, assets turnover ratio, and capital turnover ratio are important financial metrics that provide insights into a company's efficiency in managing its assets and operations. Odode-Idanre CMU Ltd. has a consistent inventory turnover ratio of 36 in 2018, 2019, and 2020, which means it sold and replaced its inventory 36 times in those years. There was an improvement in inventory turnover to 40 in 2021 and 2022, indicating that the cooperative managed its inventory more efficiently in those years.

The receivables turnover ratio measures how efficiently a company collects payments from customers by calculating the number of times accounts receivable are collected during a period. In 2018, the ratio was 55, indicating that the company collected payments 55 times during the year. However, it dropped significantly to 8 in 2019 and 9 in 2020, suggesting a potential issue with receivables management. There was improvement in 2021 and 2022, with ratios of 11 and 15, respectively. This indicates a better performance in collecting accounts receivable in those years.

Odode-Idanre CMU Ltd. had a consistent payables turnover ratio of 7, 8, and 9 in 2018, 2019, and 2020, indicating that it paid its suppliers 7-9 times per year during those years. There was an improvement in payables turnover to 11 in 2021 and 15 in 2022, suggesting that the company managed its payables more efficiently and possibly negotiated better payment terms with suppliers.

The assets turnover ratio measures how efficiently a company generates revenue from its total assets. A higher ratio indicates better asset utilization. Odode-Idanre CMU Ltd. had a consistent assets turnover ratio of 2 from 2018 to 2020. In 2021 and 2022, the ratio improved to 3, suggesting that the company generated more revenue for each unit of assets employed.

The capital turnover ratio measures how efficiently a company generates revenue from its total capital (equity and debt). A higher ratio indicates better utilization of capital. The company had a consistent capital turnover ratio of 2 from 2018 to 2020. In 2021 and 2022, the ratio improved to 3, indicating that the cooperative generated more revenue for each unit of capital invested. In summary, Odode-Idanre CMU Ltd. showed improvements in inventory turnover, receivables turnover, payables turnover, assets turnover, and capital turnover ratios over the five-year period. These improvements generally indicate better operational efficiency, financial management, and asset utilization. However, the significant drop in receivables turnover in 2019 and 2020 may require further investigation to ensure timely collections from customers.

5.7.5 Profitability Ratios Analysis for Odode-Idanre CMU LTD

Appendix 26: Profitability Ratios Analysis for Odode-Idanre CMU LTD. The Gross Profit Margin and Net Profit Margin are important financial ratios that provide insights into a company's profitability and its ability to manage costs and generate profits. As we interpret these ratios for Odode-Idanre CMU Ltd. over the years 2018 to 2022:

6 Gross Profit Margin:

The Gross Profit Margin is calculated as gross profit divided by total sales and represents the percentage of revenue that remains after deducting the cost of goods sold (COGS). Odode-Idanre CMU Ltd.'s Gross Profit Margin shows some fluctuations over the five-year period. In 2018, the Gross Profit Margin was 17.93%, indicating that for every ₦ 100 in sales, the company retained N17.93 as gross profit. There was an improvement in 2019, with a Gross Profit Margin of 21.98%, suggesting better cost management. In 2020, the margin decreased to 18.76%, which might indicate increased cost pressures. The company improved its Gross Profit Margin in 2021 to 21.21% and maintained a reasonably high margin of 20.88% in 2022. Overall, the company has managed to maintain a reasonable Gross Profit Margin, which indicates that it has been effective in managing its cost of goods sold relative to its revenue.

7 Net Profit Margin:

The Net Profit Margin is calculated as net profit divided by total sales and represents the percentage of revenue that remains as profit after all expenses, including taxes and interest.

Odode-Idanre CMU Ltd.'s Net Profit Margin also shows fluctuations over the five-year period. In 2018, the Net Profit Margin was 9.73%, meaning that for every N100 in sales, the company had N9.73 in net profit. The margin dropped in 2019 to 9.48%, possibly due to increased operating expenses or other factors. In 2020, the Net Profit Margin significantly decreased to 3.86%, indicating a substantial decline in profitability. This could be due to increased expenses or other financial challenges. There was an improvement in profitability in 2021, with a Net Profit Margin of 7.14%, and further improvement to 7.71% in 2022. Despite the fluctuations, the company has managed to maintain positive net profit margins, which is a positive sign, but it's important to analyze the reasons behind the variations.

5.7.6 Operating Efficiency Ratios Analysis for Odode-Idanre CMU Ltd

Appendix 27 presents the Operating Efficiency Ratios Analysis for Odode-Idanre CMU Ltd. The Return on Investment (ROI) and Return on Equity (ROE) ratios are important financial metrics that provide insights into a company's profitability and efficiency in generating returns for its investors.

The ROI ratio measures the return generated by the company on its total assets or investments. It is calculated as net profit divided by total assets. Odode-Idanre CMU Ltd.'s ROI shows fluctuations over the five-year period. In 2018, the ROI was 19.66%, indicating that the company generated a return of 19.66% on its total assets during that year. There was an improvement in ROI in 2019 to 21.30%, suggesting better utilization of assets to generate returns. However, the ROI dropped significantly to 8.67% in 2020, which may indicate a decline in profitability or less efficient use of assets. The company recovered in 2021 with an ROI of 18.40%, and this improvement continued in 2022 with an ROI of 20.15%. The fluctuation in ROI suggests that the company faced challenges in maintaining consistent returns on its investments but managed to improve over time.

The ROE ratio measures the return generated by the company on shareholders' equity. It is calculated as net profit divided by shareholders' equity. Odode-Idanre CMU Ltd.'s ROE also shows fluctuations over the five-year period. In 2018, the ROE was 28.82%, indicating that the company generated a return of 28.82% on shareholders' equity during that year. ROE improved in 2019 to 31.02%, reflecting a higher return on equity for shareholders. However, there was a significant drop in ROE in 2020 to 12.87%, which may be due to reduced profitability or increased equity. The company rebounded in 2021 with an ROE of 25.16% and maintained a similar level of 25.38% in 2022. The fluctuations in ROE suggest that the company faced

challenges in maintaining consistent returns for its shareholders but managed to improve over time.

5.8 Comparative Statements of Financial Position Against the Industry Average

5.8.1 Average of 5-year Comparative Statements of Financial Position Against the Industry Average

Table 6 presents the Comparative Statements of Financial Position Against the Industry Average of Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, and Odode Idanre CMU Ltd, we analyze the 5- year average of their non-current assets, current assets, total assets, current liabilities, non-current liabilities, and equity in comparison to the industry average figures over the same period. The trend in non-current assets shows significant variation among the companies. Akure CMU Ltd has the highest non-current assets, while Alade-Idanre CMU Ltd has the lowest. Both Odode-Idanre CMU Ltd and Akure CMU Ltd have seen an increase in non-current assets over time. The trend in current assets also varies. Akure CMU Ltd has the highest current assets, followed by Odode Idanre CMU Ltd. Owo CMU Ltd and Alade Idanre CMU Ltd have relatively lower current assets. In terms of total assets, Akure CMU Ltd has the highest total assets, followed by Owo CMU Ltd and Odode Idanre CMU Ltd. Alade Idanre CMU Ltd has the lowest total assets.

Table 6: Average of 5-year Comparative Statements of Financial Position Against the Industry Average

	AKURE CMU Ltd (₦'000,000)	OWO CMU LTD (₦ '000,000)	ALADE IDANRE LTD (₦ '000,000)	ODODE IDANRE CMU LTD (₦ '000,000)	INDUSTRY AVERAGE (₦ '000,000)
Non-Current Assets:					
Lands	10.30	3.01	-	0.70	3.50
Buildings	2.43	8.60	0.65	8.05	4.93
Motor Vehicles	-	2.57	-	4.26	1.71
Investments	6.33	3.22	0.38	2.4	3.08
Total Non-Current assets	19.06	17.40	1.03	15.14	13.16
Current Assets:					
Inventories	1.82	2.61	0.62	2.86	1.98
Accounts Receivables	2.05	2.50	9.48	2.41	4.11
Cash & Cash Equivalents	15.59	12.72	10.34	23.09	15.44
Other Currents Assets	28.51	16.31	3.01	3.02	12.71
Total Current Assets	47.99	34.14	23.45	31.39	34.24
Total Assets	67.05	53.54	24.48	46.80	47.97
Current Liabilities:					
Accounts Payables	14.14	12.39	9.70	9.17	11.35
Accrued expenses	11.06	0.35	-	3.33	3.69
Bank Overdraft	-	8.36	2.41	-	2.69
Total Current Liabilities	25.19	21.09	12.11	12.50	17.72
Non-Current Liabilities					
Long-Term Borrowings	0.82	0.02	2.70	0.75	1.07
Total Non-Current Liabilities	0.82	0.02	2.70	0.75	1.07
Total Liabilities	26.02	22.09	15.81	13.25	19.14
Equity					
Members' Share Capital	0.23	0.20	7.98	0.10	2.13
Net surplus	4.07	16.91	-	8.30	7.32
Reserve funds	36.73	12.33	0.69	25.15	18.73
Total Equity	41.03	29.44	8.67	33.55	28.17
Total Liabilities and Equity	67.05	51.54	24.48	46.80	47.47
Total Current Assets as a % of Total Assets	71.57%	63.84%	95.79%	67.07%	71.37%
Total Non-Current Assets as a % of Total Assets	28.43%	36.16%	4.21%	32.93%	28.63%
Total Liabilities as a % of Total Liabilities and Equity	38.81%	42.86%	64.58%	28.31%	40.32%
Total Equity as a % of Total Liabilities and Equity	61.19%	57.14%	35.42%	71.69%	59.68%

5 Source: Computed from the annual reports of Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd, And Odode Idanre CMU Ltd and the Industry Average

5.8.2 Five-Year Comparative Trend Analysis and The Industry Average

Figure 12 presents the Comparative Trend Analysis of Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd, And Odode-Idanre CMU Ltd and the Industry Average. The trend analysis for these financial ratios for Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, Odode Idanre CMU Ltd, and the Industry Average reveals the following insights:

In summary, the analysis reveals variations in the financial structures of these companies over the years: Akure CMU Ltd and Owo CMU Ltd experienced fluctuations in the composition of current assets and non-current assets. Alade Idanre CMU Ltd had low current assets and high liabilities in the initial year, but these metrics fluctuated. Odode Idanre CMU Ltd maintained a relatively stable financial structure with a focus on non-current assets and high equity. These trends provide insights into how these companies manage their assets, liabilities, and equity, which can be useful for evaluating their financial health and strategies.

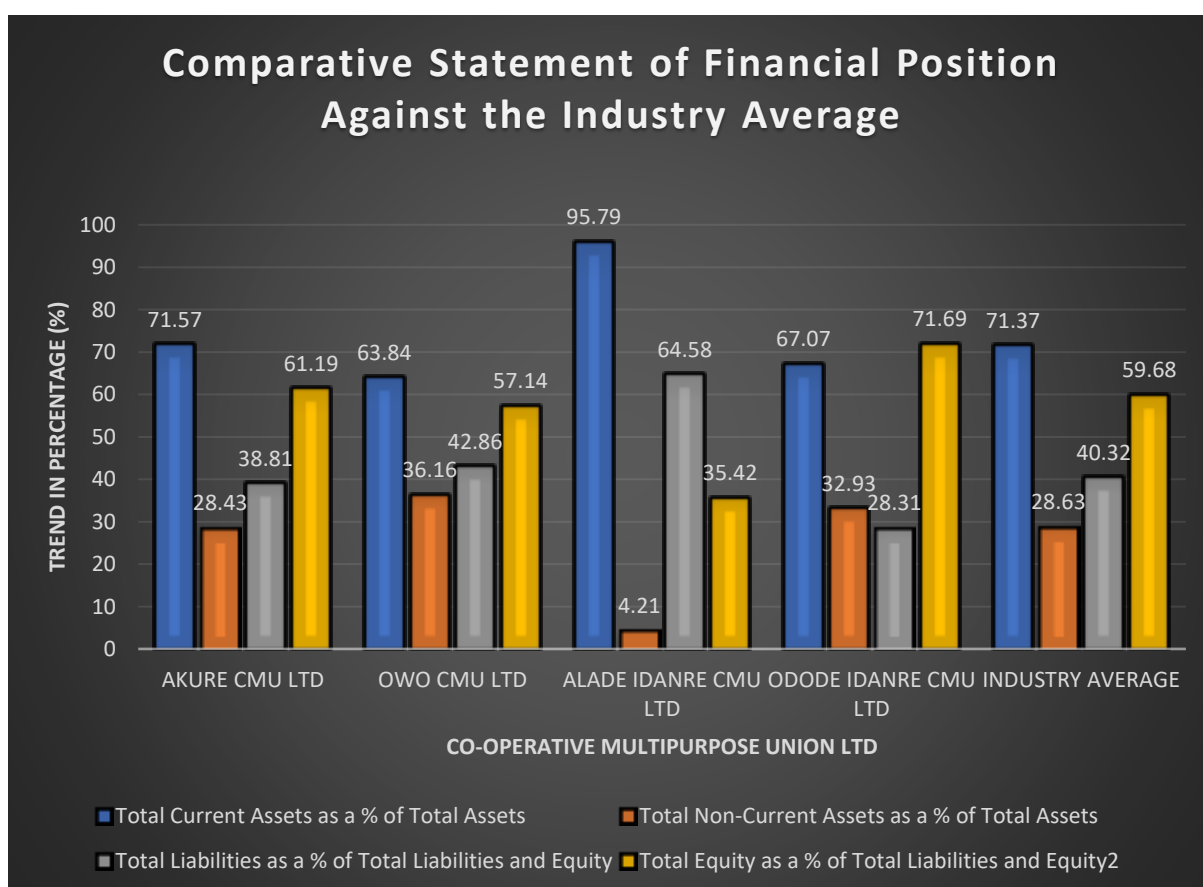


Figure 12: Trends Analysis of Total Current Assets, Total Non-Current Assets, Total Liabilities, and Total Equity for Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, Odode Idanre CMU Lt, and Industry Average.

Source: Computed from the Annual Reports of the Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, and Odode -Idanre CMU Ltd and Industry Average

5.8.3 Comparative Statement of Profit or Loss over 5 years Against the Industry Average

Table 7 presents Comparative Statement of Profit or Loss Against the Industry Average using the trends in key financial performance metrics for Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd, and Odode- Idanre CMU Ltd, and compare them to the industry average figures.

Table 7: Comparative Statement of Profit or Loss Against the Industry Average

	AKURE CMU LTD (₦'000,000)	OWO CMU LTD (₦'000,000)	ALADE IDANRE CMU LTD (₦'000,000)	ODODE IDANRE CMU LTD (₦'000,000)	INDUSTRY AVERAGE (₦'000,000)
Total Sales	219.34	168.65	169.99	110.17	167.04
Cost of Sales	206.32	137.09	163.89	87.83	148.78
Gross Profit	13.02	31.65	6.11	22.34	18.28
Other Revenue	1.17	3.44	0.24	0.87	1.43
Total Revenue	14.19	35.08	6.36	23.21	19.71
Total Operating Expenses	10.12	18.17	2.99	14.91	11.55
Net Profit	4.07	16.91	3.36	8.30	8.16

5.8.4 Comparative Liquidity Ratios Analysis Against the Industry Average

Table 7 shows the Comparative Liquidity Ratios Analysis Against the Industry Average. Current Ratio and Quick Ratio are two important financial ratios that assess a company's short-term liquidity and ability to cover its immediate liabilities. Let's analyze the provided Current

Ratios and Quick Ratios for the four companies (Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, and Odode Idanre Ltd) in comparison to the industry average figures.

Akure CMU Ltd has a current ratio of 2.10, indicating it has more than enough current assets to cover its current liabilities. This suggests good short-term liquidity. Owo CMU Ltd has a current ratio of 1.56, which is slightly lower than the industry average of 2.04. It suggests that Owo CMU Ltd may have a bit less liquidity to cover its short-term obligations. Alade Idanre CMU Ltd's current ratio is 1.94, which is also slightly below the industry average. It has a reasonably good position in terms of liquidity, but it could be improved. Odode Idanre Ltd has the highest current ratio of 2.57, indicating strong short-term liquidity. It has more than enough current assets to cover its current liabilities.

Akure CMU Ltd: 2.04; Owo CMU Ltd: 1.44; Alade-Idanre CMU Ltd: 1.89, and Odode Idanre Ltd: 2.33 respectively with the Industry Average: 1.93. The quick ratio is a more stringent measure of liquidity because it excludes inventory from current assets. A ratio above 1 suggests that the company can meet its short-term obligations without relying on selling its inventory. Akure CMU Ltd has a quick ratio of 2.04, which is higher than the industry average. This indicates that it can cover its short-term liabilities without relying on selling inventory. Owo CMU Ltd has a quick ratio of 1.44, which is slightly below the industry average. It suggests that Owo CMU Ltd may have a lower ability to cover short-term obligations without relying on inventory sales. Alade Idanre CMU Ltd's quick ratio is 1.89, which is higher than the industry average, indicating good short-term liquidity. Odode Idanre Ltd has the highest quick ratio of 2.33, showing strong short-term liquidity without relying on inventory.

In summary, Akure CMU Ltd and Odode Idanre Ltd have strong liquidity positions both in terms of current ratio and quick ratio. Alade Idanre CMU Ltd also has reasonable liquidity, though slightly below the industry average. Owo CMU Ltd has a relatively lower liquidity position, especially in terms of the quick ratio.

Table 8: Comparative 5-year Liquidity Ratios Analysis Against the Industry Average

	AKURE CMU LTD (₦'000,000)	OWO CMU LTD (₦'000,000)	ALADE IDANRE LTD (₦'000,000)	ODODE IDANRE CMU LTD (₦'000,000)	INDUSTRY AVERAGE (₦'000,000)
Current Assets	47.99	34.14	23.45	31.39	34.24
Current Liabilities	25.19	25.19	12.11	12.50	18.75
Inventories	1.82	2.61	0.62	2.86	1.98
Current Ratio	2.10:1	1.56:1	1.94:1	2.57:1	2.04:1
Quick Ratio	2.04:1	1.44:1	1.89:1	2.33:1	1.93:1

5.8.5 Comparative Turnover Ratios Analysis Against the Industry Average

Table 9 presents the Comparative Turnover Ratios Analysis Against the Industry Average that provided financial ratios for the four cooperatives (Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd, and Odode-Idanre Ltd) in comparison to the industry average figures for each ratio. Akure CMU Ltd has a significantly higher inventory turnover ratio (233) compared to the industry average (149), indicating very efficient management of its inventory. This suggests that Akure CMU Ltd is turning over its inventory more frequently, possibly due to strong demand or effective inventory management. Owo CMU Ltd's inventory turnover (54) is below the industry average, indicating that it takes longer to sell its inventory. This could have implications for liquidity and carrying costs. Alade-Idanre CMU Ltd has an exceptionally high inventory turnover (264), well above the industry average. This indicates extremely efficient inventory management and sales practices. Odode-Idanre Ltd's inventory turnover (44) is below the industry average, suggesting that it holds its inventory for a longer period, potentially impacting liquidity, and profitability.

Akure CMU Ltd has a receivables turnover ratio (139) significantly higher than the industry average (68), indicating that it collects receivables more quickly, which is generally a positive sign for cash flow. Owo CMU Ltd's receivables turnover (71) is also above the industry average, suggesting efficient management of accounts receivable. Alade-Idanre CMU Ltd has a lower receivables turnover (17) compared to the industry average. This implies that it takes longer to

collect payments from customers, potentially impacting cash flow. Odode-Idanre Ltd's receivables turnover (46) is below the industry average but still indicates relatively efficient management of accounts receivable.

Akure CMU Ltd has a payables turnover ratio (31) significantly higher than the industry average (17), indicating efficient management of payments to suppliers. Owo CMU Ltd's payables turnover (11) is below the industry average, suggesting that it takes longer to pay its suppliers, which could have implications for supplier relationships and cash flow. Alade- Idanre CMU Ltd's payables turnover (17) matches the industry average, indicating that it manages its supplier payments in line with industry norms. Odode-Idanre Ltd's payables turnover (10) is below the industry average, like Owo CMU Ltd, suggesting slower payments to suppliers.

Akure CMU Ltd and Owo CMU Ltd both have assets turnover ratios of 3, which are below the industry average of 4. This suggests that they may not be generating as much revenue from their assets as the industry average. Alade- Idanre CMU Ltd has a significantly higher assets turnover ratio (7), indicating that it generates more revenue per dollar of assets compared to the industry average. Odode Idanre Ltd has an assets turnover ratio of 2, which is lower than the industry average, suggesting it may not be utilizing its assets as efficiently in generating revenue. Akure CMU Ltd and Owo CMU Ltd both have capital turnover ratios of 3, which are below the industry average of 7. This indicates that they may not be generating as much revenue per unit of capital as the industry average. Alade- Idanre CMU Ltd has a significantly higher capital turnover ratio (21), suggesting it generates more revenue with its capital compared to the industry average. Odode-Idanre Ltd has a capital turnover ratio of 4, which is below the industry average, indicating that it may not be using its capital as efficiently in generating revenue.

In summary, the companies vary in their efficiency and management of assets, receivables, payables, and capital. Efficiency can be both a strength and a weakness depending on the specific financial metric and business strategy. It is essential for each company to assess its financial ratios in the context of its unique circumstances and goals.

Table 9: Comparative Turnover Ratios Analysis Against the Industry Average

	AKURE CMU LTD (₦'000,000)	OWO CMU LTD (₦'000,000)	ALADE IDANRE LTD (₦'000,000)	ODODE IDANRE CMU LTD (₦'000,000)	INDUSTRY AVERAGE (₦'000,000)
Sales	219.34	168.65	169.99	110.17	167.04
Cost of Sales	206.32	137.09	163.59	65.64	143.16
Inventories	1.82	2.61	2.61	2.86	2.48
Capital Employed	67.05	51.54	24.48	46.80	47.47
Total Assets	67.05	51.54	24.48	46.80	47.47
Receivables	2.05	13.76	9.48	2.41	6.93
Payables	14.14	12.39	9.70	9.17	11.35
Inventories Turnover	233	54	264	44	149
Receivables Turnover	139	71	17	46	68
Payables Turnover	31	11	16.8	10	17
Assets Turnover	3	3	7	2	4
Capital Turnover	3	3	21	2	7

5.8.6 Comparative Profitability Ratios Analysis Against the Industry Average

Table 10 presents Comparative Profitability Ratios Analysis Against the Industry Average. The Gross Profit Margin and Net Profit Margin are key profitability ratios that provide insights into a company's ability to generate profits from its operations. Let's analyze the provided ratios for the four companies (Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd, and Odode Idanre Ltd) in comparison to the industry average figures for each ratio.

Akure CMU Ltd has a gross profit margin of 6.19%, which is below the industry average of 12.11%. This suggests that Akure CMU Ltd may have higher production costs relative to its

revenue. Owo CMU Ltd has a significantly higher gross profit margin of 18.54% compared to the industry average, indicating efficient cost management in its production process. Alade Idanre CMU Ltd has a gross profit margin of 3.57%, which is significantly lower than the industry average. This may indicate that Alade Idanre CMU Ltd is struggling with high production costs relative to its revenue. Odode Idanre Ltd. has a very high gross profit margin of 20.15%, which is well above the industry average. This suggests that Odode Idanre Ltd is effectively managing its production costs and generating a substantial gross profit. Akure CMU Ltd has a net profit margin of 1.88%, which is below the industry average of 5.36%. This suggests that Akure CMU Ltd may have higher operating expenses or taxes, which are affecting its profitability. Owo CMU Ltd has a significantly higher net profit margin of 10.01% compared to the industry average, indicating efficient cost control and better overall profitability. Alade Idanre CMU Ltd has a net profit margin of 1.95%, slightly below the industry average. Like Akure CMU Ltd, it may be facing challenges in controlling operating expenses. Odode Idanre Ltd has a net profit margin of 7.58%, which is above the industry average. This suggests that Odode Idanre Ltd. is achieving a better balance between revenue and expenses, resulting in higher profitability.

In summary, Owo CMU Ltd stands out with both a high gross profit margin and a high net profit margin, indicating efficient cost management and strong profitability. Odode Idanre Ltd also performs well in terms of both profitability metrics. Akure CMU Ltd and Alade Idanre CMU Ltd have lower profit margins, suggesting they may need to focus on cost control and operational efficiency to improve profitability.

Table 10: Comparative Profitability Ratios Analysis over 5 years Against the Industry Average

	AKURE CMU LTD (₦'000,000)	OWO CMU LTD (₦'000,000)	ALADE IDANRE LTD (₦'000,000)	ODODE IDANRE CMU LTD (₦'000,000)	INDUSTRY AVERAGE (₦'000,000)
Sales	219.34	168.65	169.99	110.17	167.04
Gross Profit	13.02	31.65	6.11	22.34	18.28
Net Profit	4.07	16.91	3.36	8.30	8.16
Gross Profit Margin (%)	6.19	18.54	3.57	20.15	12.11
Net Profit Margin (%)	1.88	10.01	1.95	7.58	5.36

5.9 Introduction

The nonfinancial analysis in this section was sourced from the annual reports and other reports including project reports of the four cooperatives. Thus, this section has been written based on searching the annual reports for each of the secondary cooperatives.

5.9.1 Commitment to Education

All the four cooperatives have a statutory 10% of their earnings meant for educational purposes. This is in line with the Education for Sustainable Development (ESD) as a key element of the 2030 Agenda for Sustainable Development. ESD is one of the targets of the Sustainable Development Goal on Education SDG 4.7 and it is considered not just a target but a driver for the achievements of all seventeen SDGs (Didham & Paul, 2015). This part of the Cooperative backed by its Bylaws is a key variable in the study of sustainable development and is in line with the fifth ICA's fifth principle of cooperatives which is education training and information. However, of note is what the cooperative does with the 10% education fund. Akure CMU Ltd uses the fund for the education of its primary cooperatives as well as those of its EC, management and staff. It is quite difficult to measure the outcomes of this on the cooperative until primary data confirms what the respondent will say to this. However, the commitment to education as demonstrated by the cooperative is a right step towards sustainable development if ensured it was used for that purpose.

5.9.2 Skill Development and Training

There is enough secondary data from all the four cooperatives to identify their commitment to upscaling the skills of their primary cooperatives and their members. Also, training has been a continuous activity of the cooperative. Apprentices have some of the training materials specific for UTZ certification facilitated and held with the cooperative. Some of these training materials were even translated into Yoruba mother tongue. UTZ, now part of the Rainforest Alliance is a product certification and sustainability programme run by the UTZ non-profit organization.

5.9.3 Development fund

All the four cooperatives also have statutory responsibility to development funding. Their records show that the funding was mostly used for strategic development purposes such as building, store houses, specially approved development projects.

6.2.4 Women's Engagement and Empowerment

The last elected EC members of Akure CMU Ltd which comprised nine persons did include a woman, however, there were eight women in the ten government ministry officials for 2017/2018. The administrative staff of management also included 60% women. The poor representation of women on the EC is partly traceable to the labour-intensiveness nature of cocoa farming which is quite deemed as a male job although the narrative is changing. This is very similar to what is also obtainable in Owo CMU Ltd, Alade-Idanre CMU Ltd, and Odode-Idanre CMU Ltd. There is no part of the cooperatives' Bylaws and their activities that exclude women, in consonance with the SDG goal of giving women and girls equal rights and opportunity. Improving women's participation in the cooperative business and leadership is key to the cooperative, hence, it has been part of the women's rights cocoa sector (a project targeted at women in cocoa cooperatives). This is an important part of the 17 Sustainable Development Goals, but also integral to all dimensions of inclusive and sustainable development.

5.9.4 Child Labour Eradication

The National Project Coordination office of Accelerating Action for the Elimination of Child Labour in Supply Chain in Africa (ACCEL- Africa) in Nigeria confirmed the improved awareness and behavioural change by the cooperatives to accelerate the eradication of child labour among them. It was noted that the project recorded progression in behavioural change especially by members of local communities in Fagbo 1 and 2, Ipoba 2, Aponmu, Oke Agunla, Ile Oluji/Oke Igbo, Bankemo and Wasimi. In these areas, cocoa farmers and community members are increasingly taking ownership of the interventions for the elimination of child labour through voluntary contributions to education funds for vulnerable children, school renovations and skills acquisition support (ILO, 2023). Across Ondo State, over 500 men and women members of cocoa cooperatives including those from Akure CMU Ltd, are being supported by the project to have better access to productive, welfare and financial services and to improve their capacity to address child labour issues in their own businesses. The Accelerating Action for the Elimination of Child Labour in Supply Chain in Africa (ACCEL- Africa) programme has recorded acceptance and huge success with all the cocoa cooperatives in Ondo State implementing it. Documentary evidence from Owo CMU Ltd, Alade-Idanre CMU Ltd, and Odode-Idanre CMU Ltd also attest to their implementation as well.

5.9.5 Partnership for development

Since their establishment, cocoa cooperatives in Nigeria have a few partnerships with both public and private organizations for their development. In Nigeria, several global chocolate and cocoa companies have had their projects to support Nigerian cocoa farmers and farmer cooperatives or are engaged in public-private partnerships. Some of these for instance include Ferrero, Armajaro/Ecom and Yara. While some of these projects focus on increasing productivity, others are on sustainability. For some of these companies, the lack of effective coordination and implementation of regulations in the Nigerian cocoa sector is an obstacle to investing in sustainability projects. As there are no reliable and lasting connections between farmers and traders the latter can never be sure that they really get the cocoa which was produced with the support of their investments. Table 11 outlines the different partnerships; all the four cooperatives had undertaken from 2017/2018 to 2021/2022 and the outcomes of such partnerships on the drive towards sustainable development of Akure CMU Ltd.

Table 11: Selected partners of all the four cooperatives

Partners	Type	Project
		Accelerating action for elimination of child labour supply
ILO	Intergovernmental	Chain in Africa
IFAD	Intergovernmental	Cooperative development project
Ondo State	State government	Cocoa revolution.
World Cocoa Foundation	Private	Africa Initiative Phase II (AC II)
CRIN	Research Institute	Training

5.9.6 Environmental

Biodiversity Protection

The four cooperatives engage in biodiversity protection in two ways, according to their reports. The first is natural environmental protection (land, water, air, plants, and animals) and climate change adaptation strategies. Some of the major challenges the cooperatives face in their quest for sustainable environmental development including flooding of farm land during rainy season (Echendu, 2020). Under the first category, there are endangered animal, and endangered plant species protection laws the cooperatives are aware of. The list of the protected animals includes Cameroun clawless, mountain Zebra, lion, African wild dog, throated genon, golden cat, elephant, cheetah, tiger, chimpanzee, fox, monkey, and turtle. The plants include obeche tree, mahogany tree, mansonia tree.

5.10 Qualitative

The results of the case studies section begin with the description provided by directors of the four cooperatives interviewed for this study. Based on the interview sessions, the description of is presented in three sections which are the directors' demography, governance key variables and implications for sustainable development.

5.10.1 Description of cooperatives and their respondents

Twelve directors, three from each of Akure CMU Ltd, Owo CMU Ltd, Alade-Idanre CMU Ltd and Odode-Idanre CMU were interviewed. The interviewees were either elected President, elected board member/director or manager of the cooperative who a member of the board of the cooperative was also called executive council. All the interviewees were those directly

involved with and knowledgeable in the governance, strategic management and overall decision making of the cooperative and were willing to clarify or collaborate some of the results from the analysis of the secondary data from their respective cooperatives. Table 12 presents an overview of the interviews and some of their personal opinions or views on their cooperatives which have to do with either their personal perspective, their roles, or contributions to their respective cooperatives.

Table 12: Description of cooperatives and their respondents

Cooperative		Age	Level of education	Years of membership	Years of directorship	Motivation for directorship
Akure CMU Ltd	Director 1	58	Bsc	30	12	Contribution to the development of the cooperative Growth of the cooperative
	Director 2	65	Bsc	25	6	
	Director 3	63	Bsc	>20	8	
Owo CMU Ltd.	Director 4					Growth of the cooperative Growth of cooperative Passion for development
	Director 5	54	BSc			
	Director 6		HND	20		
Alade-Idanre CMU Ltd	Director 7	57		22	9	
	Director 8					
	Director 9					
Odode-Idanre CMU Ltd.	Director 10	56	HND	10	3	Appointment
	Director 11	63	First Degree	20	6	Pasion for collective action
	Director 12	72	Limited education	35	18	

5.10.2 Governance key variables

Influence of board size, education, age, and female directorship on governance of the cooperatives.

The majority of the directors responded that the size of the board had an influence on the governance of the cooperatives. The reasons they gave include that the smaller the size of the board the better the governance delivery. This reason they said informed the decision to have a smaller board size of 7-9 directors over the past five years. Other reasons they advanced for fewer directors include lower cost of managing the board, in terms of allowance, faster decision-making process for the cooperatives strategic decision as fewer directors translate to fewer numbers of individual responses or votes for any board decision. The fewer directors would also mean reduced logistic and finance.

All the directors interviewed responded “yes” to the question of educational level of directors influencing the governance of their cooperatives. The majority of the directors responded that the size of the board had no influence on the governance of the cooperatives while few believed that a small size board of there has been pretty good for influencing governance of their cooperatives. They however believed that their small size of 7-9 directors over the past five years has been manageable.

5.10.3 Understanding of the difference between governance and management and their independence

In differentiating the management and the governance of the cooperatives, all the four managers who had dual roles as members of the board understood their dual separate roles as managers as well as directors. They all see governance as mainly concerned with the highest level of decision-making to achieve the strategic goals and objectives of the cooperative, while the believe reported that the management of the cooperative was mostly concerned with the every-day activities of to keep the cooperatives functional and effective.

5.10.4 Independence of board from management

On navigating the board of the cooperative if the board is holding the management to account, two of the managers who are also members of the board believed the independence of the board was never compromised, however, a collective decision-making which still involve them as members make it quite easy. On the contrary, the other two managers who are also members of the board were of the opinion that the board decision in situation of holding managers to account cannot and has not been influenced even by the managers still been members. It was such the practice of governance to have committee of board to investigate and recommend to the board

where board decision is to be taken. The decision board to bring management to account was entirely board's decision without the influence of any navigation of the managers.

5.10.5 Implications for sustainable development

Concerning the governance-based aspect of the economic implications for sustainable development, the interviewees only responded to another three questions. Their responses to all the three questions were same as in consonance with the governance roles of the cooperatives as provided for in the by-laws. The first question under this session was for the role of the board in loans, borrowing and other business financing for the cooperative. It was the opinions of all the respondents that the board had the role of the final approval for loans and borrowings, both on terms and the amount. The same approval role is carried out by the governance of the cooperative for other business financing. While management and board committees can be very much involved in the different stages of the formulations and setting of the term for loans, borrowing and other financing, all the respondents corroborated the fact that it was the board that had the final decision on such matters. The interviewees further explained that the operational performance of the cooperatives can begin from the management, partners or other stakeholders with a view to achieving a goal such as the TULIP Cocoa sustainability programme which is development partner-initiated and driven. However, the overall decision-making and strategic planning for the achievement of such goal is finally the responsibility of the cooperative board. Also, the interviewed all confirmed that the oversight of cooperative marketing and exporting and the determination of premiums is the finally determined and approved by the cooperative board.

5.10.6 Social

All the interviewees confirmed to the 10 % appropriation for education fund which cooperatives directors have also been part of the beneficiaries for their training. The funds they corroborated have been used to provide seminars and training for cooperative members as well.

5.10.7 Environmental

The four secondary cooperatives have subscribed to various environmental programmes in the past with partnerships from many organizations. However, the interviewees were asked confirmed the three major environmental programmes of the the cooperatives in the last five years to include cocoa rehabilitation techniques (CRT), cocoa revolution programme and the cocoa certification for environmental sustainability. The interviewees in this session all

confirmed that the three environmental sustainability programmes were all implemented in their cooperatives

5.11 Discussion

From the financial analysis, the trend analysis of these financial positions reveals variations among the cooperatives Akure CMU Ltd generally has higher assets and equity compared to others, while Alade-Idanre CMU Ltd has lower assets and equity. All the cooperatives have managed to keep their liabilities relatively low, which is generally a good financial practice. However, it is important to consider the specific business strategies and industry dynamics when evaluating these trends and financial positions. Owo CMU Ltd stands out with both a high gross profit margin and a high net profit margin, indicating efficient cost management and strong profitability. Odode Idanre Ltd also performs well in terms of both profitability metrics. Akure CMU Ltd and Alade Idanre CMU Ltd have lower profit margins, suggesting they may need to focus on cost control and operational efficiency to improve profitability. On the contrary, Owo CMU Ltd stands out with the lowest Debt/Equity and Debt/Total Assets ratios, indicating a very low level of debt and financial risk. Akure CMU Ltd and Odode-Idanre Ltd also have relatively low ratios, suggesting lower reliance on debt for financing. On the other hand, Alade-Idanre CMU Ltd has relatively high ratios for both metrics, indicating a higher level of debt and financial risk compared to the industry average. The choice of financing structure should align with a company's financial goals and risk tolerance.

The non-financial analysis revealed that all the four cooperatives all have a statutory 10% of their earnings meant for educational purposes. This was in line with the Education for Sustainable Development (ESD) as a key element of the 2030 Agenda for Sustainable Development. ESD is one of the targets of the Sustainable Development Goal on Education SDG 4.7 and it is considered not just a target but a driver for the achievements of all seventeen SDGs. On Skill Development and Training, there was enough secondary data from Akure CMU Ltd, Owo CMU Ltd, Alade Idanre CMU Ltd and Odode CMU Ltd to evident its commitment to upscaling the skills of its primary cooperatives and their members. As well as have statutory responsibility for development funding. Their records show that the funding was mostly used for strategic development purposes such as building, store houses, and specially approved development projects. The cooperatives also had Women's Engagement and Empowerment, implemented the Accelerating Action for the Elimination of Child Labour in Supply Chain in Africa (ACCEL-Africa) in Nigeria which the improved awareness and behavioural change by the cooperatives to accelerate the eradication of child labour among them. The four cooperatives engaged in

biodiversity protection and environmental programmes. The results of the interview were able to validate and corroborate most of the findings from most the financial and nonfinancial analysis of the cooperatives.

Chapter 6. Conclusion and Recommendations

The main object of this study was to conduct financial and non-financial analysis of Nigeria cocoa cooperatives, with implications for governance and sustainable development. Agricultural cooperatives are formal organizations planned and formed to coordinate activities, structured objectives, principles, specified tasks, defined authority and responsibility, must practice good governance. They must enhance effective governance, efficient management, and utilization and increase employees' abilities to achieve both individual and organizational goals. Good governance rewards performance and competencies, enhances innovation, and creativity, and improves competitiveness and is a crucial factor for cooperatives to succeed or fail where indicators used to measure economic, and business outcomes and success include; sound financial management, increased income, marketing capability, business planning and management.

The objectives of this study were to develop the framework that explains the financial and nonfinancial business of the cocoa cooperatives with implications to governance and sustainability, to analyse how governance and sustainable development are reported by the cocoa cooperatives and investigate how the relationship between governance and sustainable development can be explored. In meeting the objective one of this study, the business analysis framework in chapter 3 explained the financial and nonfinancial business of the cocoa cooperatives with implications for sustainable development. Furthermore, the second objective was also achieved by providing the ways in which governance and sustainable development were reported by the four secondary cooperatives. The third and the last objective of this study provided an understanding of the relationship between governance and sustainable development of the four cooperatives. Thus, the study provided answers to the research questions and the three objectives were addressed by using analysis of secondary data and case studies. The four largest cocoa cooperatives in the Ondo State of Nigeria which are Akure CMU Ltd, Odode-Idanre CMU Ltd, Owo CMU Ltd and Alade-Idanre CMU Ltd were purposively selected.

The study used financial and non-financial documents of the four secondary cooperatives. These are annual reports and books of accounts (2018-2022), progress reports, documents from meetings and public forums, legal documents (bylaws). Semi-structured interview was conducted for three directors from each of the four cooperatives. The rationale for the interview was to validate, clarify and corroborate some the findings from the analysis of the secondary

data from the cooperatives as earlier mentioned in Chapter 3. This study was limited in part mainly to answering the fully the first two research questions which are what framework explains the financial and nonfinancial business of the cocoa cooperatives with implications to governance and sustainable development? and how is governance and sustainable development reported by the cocoa cooperatives? The third research question which is how might the relationship between governance and sustainable development of the cocoa cooperatives be explored, was only initiated in this study. A further study, possibly for a PhD could be used to answer this question with a quantitative approach. The recommendation from this research is consider therefore the role governance plays in the sustainable development of Nigerian cocoa cooperative. The study should be carried out with a view to understanding the perceptions of both cocoa cooperative directors and their members of the governance implications for sustainable development.

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Appendices

Appendix 1: Comparative Statements of Financial Position

	AKURE CMU LTD				
	2018	2019	2020	2021	2022
	(₦'000,000)	(₦ '000,000)	(₦ '000,000)	(₦ '000,000)	(₦ '000,000)
Current assets					
Cash balance	0.30	0.61	1.25	2.02	5.75
Cash in bank	12.65	13.79	4.87	18.92	17.87
Accounts receivables	3.70	1.45	2.63	1.23	1.24
Other current assets	20.14	25.72	32.25	30.55	33.91
Inventories	3.70	0.26	1.24	1.32	2.58
Total current assets	40.49	41.84	42.24	54.05	61.34
Investments	6.18	6.25	6.31	6.39	6.52
Building and equipment	3.85	2.49	2.34	0.88	2.61
Landed property	11.10	11.10	11.35	9.32	8.62
Total non-current assets	21.13	19.84	20.00	16.59	17.75
Total Assets	61.62	61.68	62.24	70.63	79.09
Current liabilities					
Accounts payable	17.39	1.66	15.56	15.56	20.51
Accrued expenses	11.14	9.95	9.46	11.94	12.80
Total Current Liabilities	28.53	11.61	25.02	27.5	33.31
Non-current liabilities					
Long term borrowing	0.02	0.02	0.02	0.02	0.02
Bad and doubtful debt	0.80	0.80	0.80	0.80	0.80
Total non-current liabilities	0.82	0.82	0.82	0.82	0.82
Total Liabilities	29.35	12.44	25.85	28.32	34.13
Equity					
Share capital	0.23	0.23	0.23	0.23	0.23
Net surplus	3.03	3.57	4.16	5.38	4.22
Reserve funds	29.00	45.44	31.99	36.7	40.51
Total Equity	32.26	49.24	36.39	42.3	44.96
Total Liabilities and Equity	61.62	61.68	62.24	70.63	79.09
Total Current Assets as a % of Total Assets	65.71%	67.83%	67.87%	76.52%	77.56%
Total Non-Current Assets as a % of Total Assets	34.29%	32.17%	32.13%	23.49%	22.44%
Total Liabilities as a % of Total Liabilities and Equity	47.63%	20.17%	41.53%	40.10%	43.15%
Total Equity as a % of Total Liabilities and Equity	52.35%	79.83%	58.47%	59.92%	56.85%

Source: Computed from the Annual Reports of Akure CMU Ltd

Appendix 2: Comparative Statement of Profit or Loss

AKURE CMU LTD					
	2018	2019	2020	2021	2022
	(N'000,000	(N'000,000	(N'000,000	(N'000,000	(N'000,000
)))))
Total sales	163.61	183.74	192.65	313.14	243.57
Cost of goods	151.01	172.13	179.65	299.15	229.68
Gross profit	12.6	11.61	13	13.99	13.89
Other revenue	1.21	1.58	1.25	0.35	1.46
Total Revenue	13.81	13.19	14.25	14.34	15.35
Total Expenses	10.78	9.62	10.09	8.96	11.13
Net Surplus (Net Profit)	3.03	3.57	4.16	5.38	4.22

Source: Computed from the Annual Reports of Akure CMU Ltd

Appendix 3: Liquidity Ratios Analysis

	2018	2019	2020	2021	2022
	(N'000,000)	(N'000,000)	(N'000,000)	(N'000,000)	(N'000,000)
Current Assets	40.49	41.84	42.24	54.05	61.34
Current Liabilities	28.53	11.61	25.02	27.5	33.31
Inventories	3.70	0.26	1.24	1.32	2.58
Current Ratio	1.42:1	3.60:1	1.69:1	1.97:1	1.84:1
Quick Ratio	1.28:1	3.58:1	1.64:1	1.92:1	1.76:1

Source: Author's Computation 2023

Appendix 4: Turnover Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	163.61	183.74	192.65	313.14	243.57
Cost of Goods Sold	151.01	172.13	179.65	299.15	229.68
Inventories	3.70	0.26	1.24	1.32	2.58
Capital Employed	61.62	61.68	62.24	70.63	79.09
Total Assets	61.62	61.68	62.24	70.63	79.09
Account Receivables	3.70	1.45	2.63	1.23	1.24
Payables	17.39	1.66	15.56	15.56	20.51
Inventories Turnover	41	662	145	227	89
Accounts Receivables Turnover	44	127	73	255	196
Accounts Payables Turnover	9	104	12	19	11
Assets Turnover	3	3	3	4	3
Capital Turnover	2	3	3	4	3

Source: Author's Computation 2023

Appendix 5: Profitability Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	163.61	183.74	192.65	313.14	243.57
Gross Profit	12.6	11.61	13.0	13.99	13.89
Net Profit	3.03	3.57	4.16	5.38	4.22
Gross Profit Margin (%)	7.70	6.32	6.75	4.47	5.70
Net Profit Margin (%)	1.85	1.94	2.16	1.72	1.73

Source: Author's Computation 2023

Appendix 6: Operating Efficiency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	32.26	49.24	36.39	42.30	44.96
Total Capital Employed	61.62	61.68	62.24	70.63	79.09
Net Profit	3.03	3.57	4.16	5.38	4.22
Return on Investment (%)	4.92	5.79	6.68	7.61	5.34
Return on Equity (%)	9.39	7.25	11.43	12.72	9.39

Source: Author's Computation 2023

Appendix 7: Solvency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	32.26	49.24	36.39	42.30	44.96
Total Assets	61.62	61.68	62.24	70.63	79.09
Total Non- Current Liabilities	0.82	0.82	0.82	0.82	0.82
Debt/Equity Ratio	0.025	0.017	0.023	0.019	0.018
Debt/Total Assets Ratio	0.013	0.013	0.013	0.012	0.010

Source: Author's Computation 2023

Appendix 8: Comparative Statements of Financial Position

	OWO CMU LTD				
	2018 (₦'000,000)	2019 (₦ '000,000)	2020 (₦ '000,000)	2021 (₦ '000,000)	2022 (₦ '000,000)
Non-Current Assets:					
Lands	2.68	2.68	3.02	3.02	3.64
Buildings	10.50	9.45	8.51	7.65	6.89
Plant & Equipment	3.14	2.83	2.54	2.29	2.06
Investments	4.00	3.18	3.18	2.75	3.00
Total Non-Current assets	20.32	18.14	17.25	15.71	15.59
Current Assets:					
Inventories	3.21	2.69	2.82	2.01	2.33
Accounts Receivables	2.64	2.51	3.22	2.16	1.95
Cash & Cash Equivalents	13.17	12.98	14.63	12.19	10.62
Other Currents Assets	16.96	16.21	16.05	15.22	17.11
Total Current Assets	35.98	34.39	36.72	31.58	32.01
Total Assets	56.30	52.53	53.97	47.29	47.60
Current Liabilities:					
Accounts Payable	15.69	13.48	12.66	10.52	9.61
Accrued expenses	0.21	0.35	0.10	0.78	0.29
Bank Overdraft	9.72	8.65	6.28	5.26	11.87
Total Current Liabilities	25.62	22.48	19.04	16.56	21.77
Non-Current Liabilities					
Long-Term Borrowings	0.02	0.02	0.02	0.02	0.02
Total Non-Current Liabilities	0.02	0.02	0.02	0.02	0.02
Total Liabilities	26.62	23.48	20.04	17.56	22.77
Equity					
Members' Share Capital	0.20	0.20	0.20	0.20	0.20
Net surplus	12.27	17.33	18.14	18.28	18.52
Reserve funds	17.21	11.52	15.59	11.24	6.11
Total Equity	29.68	29.05	33.93	29.73	24.83
Total Liabilities and Equity	56.30	52.53	53.97	47.29	47.60
Total Current Assets as a % of Total Assets	63.91%	65.47%	68.04%	66.78%	67.25%
Total Non-Current Assets as a % of Total Assets	36.09%	34.53%	31.96%	33.22%	32.75%
Total Liabilities as a % of Total Liabilities and Equity	47.28%	44.70%	37.13%	37.13%	47.84%
Total Equity as a % of Total Liabilities and Equity	52.72%	55.30%	62.87%	62.87%	52.16%

Source: Computed from the Annual Reports of Owo CMU Ltd

Appendix 9: Comparative Statement of Profit or Loss

OWO CMU LTD					
	2018	2019	2020	2021	2022
	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)
Total Sales	146.82	159.34	162.95	178.53	195.61
Cost of Sales	(127.16)	(130.04)	(131.72)	(140.46)	(156.08)
Gross Profit	19.64	29.30	31.23	38.53	39.53
Other Revenue	3.26	3.31	3.42	3.52	3.68
Total Revenue	22.90	32.61	34.65	42.05	43.21
Total Expenses	10.63	15.28	16.51	23.76	24.69
Net Surplus (Net Profit)	12.27	17.33	18.14	18.29	18.52

Source: Computed from the Annual Reports of Owo CMU Ltd

Appendix 10: Liquidity Ratios Analysis

	2018	2019	2020	2021	2022
	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)
Current Assets	35.98	34.39	36.72	31.58	32.01
Current Liabilities	28.53	11.61	25.02	27.5	33.31
Inventories	3.21	2.69	2.82	2.01	2.33
Current Ratio	1.26:1	2.96:1	1.47:1	1.15:1	0.96:1
Quick Ratio	1.15:1	2.73:1	1.35:1	1.08:1	0.89:1

Source: Author's Computation 2023

Appendix 11: Turnover Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	146.82	159.34	162.95	178.53	195.61
Cost of Sales	127.16	130.04	131.72	140.46	156.08
Inventories	3.21	2.69	2.82	2.01	2.33
Capital Employed	56.30	52.53	53.97	47.29	47.60
Total Assets	56.30	52.53	53.97	47.29	47.60
Receivables	2.64	2.51	3.22	2.16	1.95
Payables	15.69	13.48	12.66	10.52	9.61
Inventories Turnover	40	48	47	70	67
Receivables Turnover	56	63	51	83	100
Payables Turnover	8	8	10	13	16
Assets Turnover	3	3	3	4	4
Capital Turnover	3	3	3	4	4

Source: Author's Computation 2023

Appendix 12: Profitability Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	146.82	159.34	162.95	178.53	195.61
Gross Profit	19.64	29.30	31.23	38.53	39.53
Net Profit	12.27	17.33	18.14	18.29	18.52
Gross Profit Margin (%)	13.38	18.38	19.16	21.58	20.21
Net Profit Margin (%)	8.35	10.88	11.13	10.24	9.47

Source: Author's Computation 2023

Appendix 13: Operating Efficiency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	29.68	29.05	33.93	29.73	24.83
Total Capital Employed	56.30	52.53	53.97	47.29	47.60
Net Profit	12.27	17.33	18.14	18.29	18.52
Return on Investment (%)	21.79	32.99	33.61	38.68	38.91
Return on Equity (%)	41.34	59.66	53.46	61.52	62.09

Source: Author's Computation 2023

Appendix 14: Solvency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	29.68	29.05	33.93	29.73	24.83
Total Assets	56.30	52.53	53.97	47.29	47.60
Total Non- Current Liabilities	0.02	0.02	0.02	0.02	0.02
Debt/Equity Ratio	0.001	0.001	0.001	0.001	0.001
Debt/Total Assets Ratio	0.000	0.000	0.000	0.000	0.000

Source: Author's Computation 2023

Appendix 15: Comparative Statements of Financial Position

ALADE IDANRE LTD					
	2018	2019	2020	2021	2022
	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)
Non-Current Assets:					
Buildings & Equipment	0.57	0.60	0.65	0.68	0.73
Investments	0.22	0.65	0.35	0.25	0.44
Total Non-Current assets	0.79	1.26	1.00	0.94	1.17
Current Assets:					
Inventories	0.52	0.67	0.62	0.58	0.71
Accounts Receivables	8.85	9.72	9.10	10.22	9.50
Bank Balance	10.19	8.80	11.21	11.77	9.75
Cash Balance	2.30	3.33	3.06	2.66	3.70
Total Current Assets	21.86	22.53	23.99	25.23	23.66
Total Assets	22.65	23.78	24.99	26.16	24.82
Current Liabilities:					
Accounts Payables	9.73	8.10	10.92	11.23	8.51
Bank Overdraft	1.97	2.77	2.17	2.28	2.87
Total Current Liabilities	11.70	10.87	13.09	13.51	11.38
Non-Current Liabilities					
Long-Term Borrowings	2.56	4.68	3.50	2.95	4.80
Total Non-Current Liabilities	2.56	4.68	3.50	2.95	4.80
Total Liabilities	14.26	15.56	16.59	16.46	16.18
Equity					
Members' Share Capital	7.64	7.77	7.50	8.82	8.15
Reserve funds	0.75	0.46	0.90	0.87	0.49
Total Equity	8.39	8.23	8.40	9.69	8.64
Total Liabilities and Equity	22.65	23.78	24.99	26.16	24.82
Total Current Assets as a % of Total Assets	96.51%	94.70%	96.00%	96.41%	95.32%
Total Non-Current Assets as a % of Total Assets	3.49%	5.30%	4.00%	3.59%	4.68%
Total Liabilities as a % of Total Liabilities and Equity	62.96%	65.43%	66.39%	62.92%	65.19%
Total Equity as a % of Total Liabilities and Equity	37.04%	34.57%	33.61%	37.08%	34.81%

Source: Computed from the Annual Reports of Alade-Idanre CMU Ltd

Appendix 16: Comparative Statement of Profit or Loss

ALADE-IDANRE LTD					
	2018	2019	2020	2021	2022
	(₦'000,000	(₦'000,000	(₦'000,000	(₦'000,000	(₦'000,000
)))))
Total Sales	153.57	169.84	168.93	180.32	177.33
Cost of Sales	(150.02)	(165.91)	(160.02)	(173.27)	(170.21)
Gross Profit	3.56	3.93	8.91	7.05	7.12
Other Revenue	0.19	0.29	0.21	0.22	0.31
Total Revenue	3.75	4.22	9.12	7.27	7.43
Total Expenses	(2.45)	(3.41)	(2.69)	(2.83)	(3.58)
Net Surplus (Net Profit)	1.29	0.81	6.42	4.44	3.85

Source: Computed from the Annual Reports of Alade-Idanre CMU Ltd

Appendix 17: Liquidity Ratios Analysis

	2018	2019	2020	2021	2022
	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)	(₦'000,000)
Current Assets	21.86	22.53	23.99	25.23	23.66
Current Liabilities	11.70	10.87	13.09	13.51	11.38
Inventories	0.52	0.67	0.62	0.58	0.71
Current Ratio	1.87:1	2.07:1	1.83:1	1.86:1	2.08:1
Quick Ratio	1.82:1	2.01:1	1.79:1	1.82:1	2.02:1

Source: Author's Computation 2023

Appendix 18: Turnover Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	153.57	169.84	168.93	180.32	177.33
Cost of Sales	150.02	165.91	160.02	173.27	170.21
Inventories	3.21	2.69	2.82	2.01	2.33
Capital					
Employed	22.65	23.78	24.99	26.16	24.82
Total Assets	22.65	23.78	24.99	26.16	24.82
Receivables	8.85	9.72	9.10	10.22	9.50
Payables	9.73	8.10	10.92	11.23	8.51
Inventories Turnover	289	246	258	289	240
Receivables Turnover	17	17	18	17	18
Payables Turnover	15	20	14	15	20
Assets Turnover	7	7	7	7	7
Capital Turnover	20	21	22	20	22

Source: Author's Computation 2023

Appendix 19: Profitability Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	153.57	169.84	168.93	180.32	177.33
Gross Profit	3.56	3.93	8.91	7.05	7.12
Net Profit	1.29	0.81	6.42	4.44	3.85
Gross Profit Margin (%)	2.32	2.31	5.27	3.91	4.02

Net Profit Margin (%)	0.84	0.48	3.80	2.46	2.17
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Source: Author's Computation 2023

Appendix 20: Operating Efficiency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	29.68	29.05	33.93	29.73	24.83
Total Capital Employed	56.30	52.53	53.97	47.29	47.60
Net Profit	1.29	0.81	6.42	4.44	3.85
Return on Investment (%)	11.83	6.30	53.97	35.12	28.65
Return on Equity (%)	16.95	10.47	85.63	50.33	47.23

Source: Author's Computation 2023

Appendix 21: Solvency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	22.65	23.78	24.99	26.16	24.82
Total Assets	22.65	23.78	24.99	26.16	24.82
Total Non-Current Liabilities	2.56	4.68	3.50	2.95	4.80
Debt/Equity Ratio	0.30	0.57	0.42	0.30	0.56
Debt/Total Assets Ratio	0.11	0.20	0.14	0.11	0.19

Source: Author's Computation 2023

Appendix 22: Comparative Statements of Financial Position

ODODE-IDANRE CMU LTD					
	2018	2019	2020	2021	2022
	(₦'000,000)	(₦ '000,000)	(₦ '000,000)	(₦ '000,000)	(₦ '000,000)
Non-Current Assets:					
Lands	0.70	0.70	0.70	0.70	0.70
Buildings	8.61	7.75	6.97	6.28	10.65
Motor Vehicles	5.20	4.68	4.21	3.79	3.41
Investments	2.00	2.00	2.50	2.50	3.00
Total Non-Current assets	16.51	15.13	14.38	13.27	17.76
Current Assets:					
Inventories	2.50	2.73	2.81	3.06	3.20
Accounts Receivables	1.64	2.10	2.28	2.95	3.10
Cash & Cash Equivalents	20.50	20.79	22.10	25.49	26.57
Other Currents Assets	3.66	3.09	3.18	2.17	3.01
Total Current Assets	28.30	28.71	30.37	33.67	35.88
Total Assets	44.81	43.84	44.75	46.94	53.64
Current Liabilities:					
Accounts Payables	10.22	9.84	9.56	8.73	7.51
Accrued expenses	3.27	3.14	4.33	3.10	2.79
Total Current Liabilities	13.49	12.98	13.89	11.83	10.30
Non-Current Liabilities					
Long-Term Borrowings	0.75	0.75	0.75	0.75	0.75
Total Non-Current Liabilities	0.75	0.75	0.75	0.75	0.75
Total Liabilities	14.24	13.73	14.64	12.58	11.05
Equity					
Members' Share Capital	0.10	0.10	0.10	0.10	0.10
Net surplus	8.81	9.34	3.88	8.64	10.81
Reserve funds	21.66	20.67	26.13	25.62	31.68
Total Equity	30.57	30.11	30.11	34.36	42.59
Total Liabilities and Equity	44.81	43.84	44.75	46.94	53.64
Total Liabilities and Equity	22.65	23.78	24.99	26.16	24.82
Total Current Assets as a % of Total Assets	63.16%	65.49%	67.87%	71.73%	66.89%
Total Non-Current Assets as a % of Total Assets	36.84%	34.51%	32.13%	28.27%	33.11%
Total Liabilities as a % of Total Liabilities and Equity	31.79%	31.32%	32.72%	26.80%	20.60%
Total Equity as a % of Total Liabilities and Equity	68.21%	68.68%	67.28%	73.20%	79.40%

Source: Computed from the Annual Reports of Odode-Idanre CMU Ltd

Appendix 23: Comparative Statement of Profit or Loss

ODODE IDANRE CMU LTD					
	2018	2019	2020	2021	2022
	(N'000,000	(N'000,000	(N'000,000	(N'000,000	(N'000,000
)))))
Total Sales	90.55	98.48	100.61	120.96	140.25
Cost of Sales	74.31	76.83	81.74	95.31	110.96
Gross Profit	16.24	21.65	18.87	25.65	29.29
Other Revenue	0.96	0.78	0.50	0.90	1.20
Total Revenue	17.20	22.43	19.37	26.55	30.49
Total Operating Expenses	8.39	13.09	15.49	17.91	19.68
Net Surplus (Net Profit)	8.81	9.34	3.88	8.64	10.81

Source: Computed from the Annual Reports of Odode-Idanre CMU Ltd

Appendix 24 :Liquidity Ratios Analysis

	2018	2019	2020	2021	2022
	(N'000,000)	(N'000,000)	(N'000,000)	(N'000,000)	(N'000,000)
Current Assets	28.30	28.71	30.37	33.67	35.88
Current Liabilities	13.49	12.98	13.89	11.83	10.30
Inventories	2.50	2.73	2.81	3.06	3.20
Current Ratio	2.10:1	2.21:1	2.19:1	2.85:1	3.48:1
Quick Ratio	1.91:1	2.00:1	1.98:1	2.59:1	3.17:1

Source: Author's Computation 2023

Appendix 25: Turnover Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	90.55	98.48	100.61	120.96	140.25
Cost of Sales	74.31	76.83	81.74	95.31	110.96
Inventories	2.50	2.73	2.81	3.06	3.20
Capital Employed	44.81	43.84	44.75	46.94	53.64
Total Assets	44.81	43.84	44.75	46.94	53.64
Receivables	1.64	2.10	2.28	2.95	3.10
Payables	10.22	9.84	9.56	8.73	7.51
Inventories Turnover	36	36	36	40	44
Receivables Turnover	55	47	44	41	45
Payables Turnover	7	8	9	11	15
Assets Turnover	2	2	2	3	3
Capital Turnover	2	2	2	3	3

Source: Author's Computation 2023

Appendix 26: Profitability Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Sales	90.55	98.48	100.61	120.96	140.25
Gross Profit	16.24	21.65	18.87	25.65	29.29
Net Profit	8.81	9.34	3.88	8.64	10.81
Gross Profit Margin (%)	17.93	21.98	18.76	21.21	20.88
Net Profit Margin (%)	9.73	9.48	3.86	7.14	7.71

Source: Author's Computation 2023

Appendix 27: Operating Efficiency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	30.57	30.11	30.11	34.36	42.59
Total Capital Employed	44.81	43.84	44.75	46.94	53.64
Net Profit	8.81	9.34	3.88	8.64	10.81
Return on Investment (%)	19.66	21.30	8.67	18.40	20.15
Return on Equity (%)	28.82	31.02	12.87	25.16	25.38

Source: Author's Computation 2023

Appendix 28: Solvency Ratios Analysis

	2018 (₦'000,000)	2019 (₦'000,000)	2020 (₦'000,000)	2021 (₦'000,000)	2022 (₦'000,000)
Total Equity	30.57	30.11	30.11	34.36	42.59
Total Assets	44.81	43.84	44.75	46.94	53.64
Total Non- Current Liabilities	0.75	0.75	0.75	0.75	0.75
Debt/Equity Ratio	0.025	0.025	0.025	0.022	0.018
Debt/Total Assets Ratio	0.017	0.017	0.017	0.016	0.014

Source: Author's Computation 2023

RESEARCH INFORMATION SHEET

Project Title: Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives: Implications for Governance and Sustainable Development

The objectives of the study:

The objectives of this study include developing a framework for financial and nonfinancial analysis of Nigerian cocoa cooperatives, identifying the ways in which sustainability is reported by the cooperatives; and investigating how these metrics inform both governance and sustainable development for each cooperative. To achieve these objectives both primary and secondary data will be collected for analysis.

Study Information

You are formally invited to participate in this study. The following information provides details of the activities involved in your participation.

To fulfil the objectives of this study secondary data in the form of annual financial reports, annual reports, project reports, byelaws and others have been collected and analysed for four Nigerian cocoa cooperatives. This analysis has enabled the researcher to develop an initial understanding of each cooperative that now needs to be further enhanced through interviews with key cooperative leaders. The primary data that will be collected through each interview will be used to build on the results from the analysis of the secondary data. The interview will be with a cooperative director/member of the board involved with the governance of the cooperative. This interview will serve the purpose of reinforcing or otherwise the results of analysis of the secondary data.

This interview will involve asking a series of questions on how sustainability (both financial and non-financial metrics) is reported by the cooperatives and what it means for both governance and sustainable development of the Nigerian cocoa cooperatives. The interview is expected to take up to 30 minutes, will be conducted over the phone and will be recorded.

The findings will be verified with you before being written up as a case study report. The verified findings will then be published into a dissertation. the confidentiality of this report will be preserved by excluding any personal name of the participants (and specific cooperative name) in any subsequent publications.

You are under no obligation to accept this invitation. If you choose to participate, you will have the right to

- decline to answer any questions.
- withdraw from the study at any time.
- ask any questions about the study at any time during participation.
- provide information on the understanding that your name will not be used unless you give permission to the researcher.
- be given access to a summary of the project findings when it is concluded, and

- ask for the voice recorder to be turned off at any time.

The researcher of this report is Joseph Ajayi, an MPhil Student at Massey University, Palmerston North.

Professor Nicola Shadbolt from the School of Agriculture and Environment and Associate Professor David Tweed from the School of Management, Massey University, will provide advisory and support.

Researcher's address in New Zealand:

Joseph Ajayi

School of Agriculture and Environment,

College of Sciences, Massey University,

Private Bag 11-222, Palmerston North

Email: jajayi@massey.ac.nz

Telephone Number: +64 21 049 1415

Supervisors contact details:

Professor Nicola Shadbolt,

School of Agriculture & Environment,

College of Sciences, Massey University

Palmerston North

Associate Professor David Tweed,

School of Management, Massey Business
School

Massey University, Palmerston North

n.m.shadbolt@massey.ac.nz

Appendix 30: Consent form

PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives: Implications for Governance and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.

I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being sound recorded.

SignatureDate

Full Name-printed

Cooperative Name

MPhil Research Project

Interview Questions on

Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives- Implications for Governance and Sustainable Development
Interview Questions for Directors

SECTION A: Director's Demography

1. How old are you?
2. What level of education do you have?
3. How long have you been a member of the cooperative?
4. How long have you been a member of the board of the cooperative?
5. What motivates you to serve as a director of the cooperative?
6. What is your view of the economic performance of the cooperative over the last 5 years?
7. What do you like about the objectives and strategies of the cooperative? Please explain why?
8. What would you like to change, if you could, about the objectives and strategies of the cooperative?
9. What role does the board play in the governance of the cooperative business?
10. What do you contribute to the governance of the cooperative?

SECTION B: Governance key variables

11. Does the size of the board influence the governance of the cooperative? If yes, in what ways? If no, why not? Would you like to see more directors or fewer directors?
12. Does the educational level of the directors influence the governance of the cooperative? If yes in what ways? If no why not?
13. Does the age of the directors influence the governance of the cooperative? If yes, in what ways? If no why not?
14. Do female directors influence the governance of the cooperative in ways that are different to male directors? If yes in what ways? If no why not?
15. What is your understanding of the difference between governance and management of the cooperative?

16. I see on the board that the manager is sometimes, a board member. Does the board have enough independence from management? Does this affect how the board holds management to account?

*** Questions 17 & 18 If the respondent is also a manager*

17. Tell me the difference between management and governance of the cooperative.

18. How do you navigate if the board is holding you to account?

SECTION C: Implications for Sustainable Development

Economic

Cooperative-based

19. Why does the cooperative use more than one bank?

20. How does the cooperative get its funding?

21. Why does the cooperative have external investments?

Governance-based

22. What is the role of the board in loans, borrowing, and other business financing for the cooperative?

23. How does the board govern the operational performance of the cooperative?

24. How does the board carry out oversight on the cooperative marketing, exporters, and premiums?

Social

Cooperative-based

25. The cooperative is mandated by law to spend 10% of its appropriation on education, what type of education has this fund been used for and how? Does any of this funding get applied to the development of directors?

26. What are the other trainings undertaken by the board and what contribution do they have to the cooperative?

27. The cooperative has a development fund, what development activities has the fund been used for? What are the benefits to members?

Governance-based

28. In the past five years, has the board improved women's participation and empowered them for the cooperative (Women's Engagement)? Please explain?

29. Has the cooperative implemented child labour eradication (ACCEL- Africa).
30. The cooperative has undertaken the TULIP Cocoa sustainability program; would you share the rationale of the directors for such training?
31. How does the board maintain the cooperative's development partners, what have been their contributions to the cooperative in the last five years?
32. Highlight the contributions of each of the development partners

Environmental

Cooperative-based

33. What are the environmental programs of the cooperative?

Governance-based

34. Has the cooperative implemented cocoa rehabilitation techniques (CRT)? What has been the board's role?
35. Has the cooperative implemented the Cocoa Revolution program? What has been the board's roles?
36. Has the cooperative implemented the cocoa certification for environmental sustainability? What has been the board's role?

Is there anything else you would like to share with me about the governance of the cooperative?

Appendix 32: Complete interview session

Opening Remarks

Thank you for agreeing to this interview.

I am Joseph Ajayi, an MPhil Research Student at Massey University, Palmerston North, New Zealand.

I am researching the topic “Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives- Implications for Governance and Sustainable Development”.

Today, I would like to conduct an interview with you as a cocoa cooperative director to validate, clarify, and corroborate some findings from the analysis of the secondary data from the cooperatives.

Thank you for reading the information sheet and returning the consent form.

I will be recording this interview so I can listen now and then analyse your responses later. You can, of course, decline to answer any question. And if you wish, I can pause the recording at any time.

The interview begins with some general questions, followed by some key governance variables, and then focuses on sustainable development.

Do you have any questions for me about the interview before we begin?

MPhil Research Project

Interview Questions on

Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives- Implications for Governance and Sustainable Development **Interview Questions for Directors**

SECTION A: Director’s Demography

1. How old are you?
2. What level of education do you have?
3. How long have you been a member of the cooperative?
4. How long have you been a member of the board of the cooperative?
5. What motivates you to serve as a director of the cooperative?

6. What is your view of the economic performance of the cooperative over the last 5 years?
7. What do you like about the objectives and strategies of the cooperative? Please explain why?
8. What would you like to change, if you could, about the objectives and strategies of the cooperative?
9. What role does the board play in the governance of the cooperative business?
10. What do you contribute to the governance of the cooperative?

SECTION B: Governance key variables

11. Does the size of the board influence the governance of the cooperative? If yes, in what ways? If no, why not? Would you like to see more directors or fewer directors?
12. Does the educational level of the directors influence the governance of the cooperative? If yes in what ways? If no why not?
13. Does the age of the directors influence the governance of the cooperative? If yes, in what ways? If no why not?
14. Do female directors influence the governance of the cooperative in ways that are different to male directors? If yes in what ways? If no why not?
15. What is your understanding of the difference between governance and management of the cooperative?
16. I see on the board that the manager is sometimes, a board member. Does the board have enough independence from management? Does this affect how the board holds management to account?

*** Questions 19 & 20 If the respondent is also a manager*

17. Tell me the difference between management and governance of the cooperative.
18. How do you navigate if the board is holding you to account?

SECTION C: Implications for Sustainable Development

Economic

Cooperative-based

19. Why does the cooperative use more than one bank?
20. How does the cooperative get its funding?
21. Why does the cooperative have external investments?

Governance-based

22. What is the role of the board in loans, borrowing, and other business financing for the cooperative?
23. How does the board govern the operational performance of the cooperative?
24. How does the board carry out oversight on the cooperative marketing, exporters, and premiums?

Social

Cooperative-based

25. The cooperative is mandated by law to spend 10% of its appropriation on education, what type of education has this fund been used for and how? Does any of this funding get applied to the development of directors?
26. What are the other trainings undertaken by the board and what contribution do they have to the cooperative?
27. The cooperative has a development fund, what development activities has the fund been used for? What are the benefits to members?

Governance-based

28. In the past five years, has the board improved women's participation and empowered them for the cooperative (Women's Engagement)? Please explain?
29. Has the cooperative implemented child labour eradication (ACCEL- Africa).
30. The cooperative has undertaken the TULIP Cocoa sustainability program; would you share the rationale of the directors for such training?
31. How does the board maintain the cooperative's development partners, what have been their contributions to the cooperative in the last five years?
32. Highlight the contributions of each of the development partners

Environmental

Cooperative-based

33. What are the environmental programs of the cooperative?

Governance-based

34. Has the cooperative implemented cocoa rehabilitation techniques (CRT)? What has been the board's role?
35. Has the cooperative implemented the Cocoa Revolution program? What has been the board's roles?
36. Has the cooperative implemented the cocoa certification for environmental sustainability? What has been the board's role?

Is there anything else you would like to share with me about the governance of the cooperative?

Closing Remarks

Thank you again for giving your time! It is awesome!

This has been very interesting, and I appreciate it a lot

The interview has clarified and deepened my understanding of the Nigerian cocoa cooperatives as it relates to governance and sustainable development.

The next steps for me are to complete all interviews, undertake an analysis, and then write up my thesis.

After I have completed my thesis would you be interested in a short summary of my findings?

I can send you a PowerPoint analysis of the major findings of this study.

Appendix 33 Selected signed participant consent forms

PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives: Implications for Governance and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.

I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being sound recorded.

Signature [Redacted] Date 7th Nov 2023

Full Name [Redacted] Name-printed

Cooperative Name LANRE COOPERATIVE MULTIPURPOSE UNION LTD ODDA - LANRE.

PHONE NO: [Redacted]

PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives: Implications for Governance and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.

I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being sound recorded.

Signature Date 17th Nov 2023

Full -J. Name-printed

Cooperative Name: IANRE COOPERATIVE MULTIPURPOSE UNION LTD. ODOE - IANRE

PARTICIPANT CONSENT FORM

Project Title: *Financial and Nonfinancial Analyses of Nigerian Cocoa Cooperatives: Implications for Governance and Sustainable Development*

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.

I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being sound recorded.

Signature Date 7th Nov 2023

Full MR Name-printed

Cooperative Name DANRE COOPERATIVE MULTIPURPOSE UNION LTD

PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analysis of Nigerian Cross Cooperative Institutions for Governance and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.

I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being audio recorded.

Signature: _____ Date: 10-11-2023

Full Name: _____

Organizational Name: **IBANSE COOPERATIVE MULTIFACETS UNION LTD**

PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analysis of Nigerian Cross Cooperative Institutions for Governance and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.

I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being audio recorded.

Signature: _____ Date: 09-11-2023

Full Name: _____

Organizational Name: **IBANSE COOPERATIVE MULTIFACETS UNION LTD**

PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analysis of Nigerian Cocoa Cooperatives: Implications for Government and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.


I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being sound recorded.

Signature: [Redacted] Date: 8/11/2023

Full Name printed: [Redacted]

Cooperative Name: Atade Idanre Cooperative Multipurpose Union Limited



PARTICIPANT CONSENT FORM

Project Title: Financial and Nonfinancial Analysis of Nigerian Cocoa Cooperatives: Implications for Government and Sustainable Development

Researcher: Joseph Ajayi

I have been provided with the information about this research and have had the opportunity to clarify any questions I may have.

I do know that the information I provide is confidential and that my name will not be used in the research project or publications.


I agree to participate in this study under the conditions set out in the information sheet.

I agree to the interview being sound recorded.

Signature: [Redacted] Date: 8/11/2023

Full Name printed: [Redacted]

Cooperative Name: Atade Idanre Cooperative Multipurpose Union Limited



Appendix 34 Front pages of bye-laws and other secondary documents

BYE — LAWS OF THE AKURE AREA COOPERATIVE
MULTIPURPOSE UNION LIMITED

I. INTERPRETATION:-

- 1 All words and expressions used in these Bye-Laws and defined in Section 2 of Co-operative Societies Law (Cap. 26 of Western Nigeria Laws of 1959) shall have the meaning assigned to them in the above named Section. If there shall arise any doubt regarding the meaning or intention of any of these Bye-Laws the matter shall be referred to the Chief Registrar for a ruling. The following words or expressions shall have the meaning respectively assigned to them below.
 - (a) Words importing the Singular or Plural number respectively include the Plural and Singular number; Words importing the Masculine gender also include the Feminine gender.
 - (b) 'Financial Year' means the period of Twelve months beginning on 1st April and ending on the following 31st March.
 - (c) 'The Law' Means Cooperative Societies Law (Cap. 26 of Western Region of Nigeria Law 1959) as amended from time to time.
 - (d) 'The Registrar' Means the Chief Registrar of Cooperative Societies, Ondo State of Nigeria.
 - (e) 'The Regulations' means the regulations made under the Law by the Governor -in- Council.
 - (f) 'Union' means the Cooperative Multipurpose Union.
 - (g) 'Members' means a Cooperative Multipurpose Society or an Allpurposes Society, unless the context specifies otherwise.
 - (h) 'Delegate' means the delegate appointed by an affiliated Society according to these Byelaws.

II. NAME, ADDRESS AND AREA OF OPERATION:-

- 2 The Union shall be called Akure Area Co-operative Multipurpose Union Limited. Its registered address shall be AKURE COOPERATIVE MULTIPURPOSE UNION LIMITED, ONDO ROAD., P. O. BOX 79, AKURE.
- 3 The Area of operation of the Union shall be Akure and her environs

ALADE-IDANRE COOPERATIVE MULTIPURPOSE

UNION LIMITED

P.O. BOX 15, IDANRE

ONDO STATE OF NIGERIA

2018/2019

ANNUAL ACCOUNT AND COMMITTEE REPORT

PRESENT

AT THE

38TH ANNUAL GENERAL MEETING

HELD ON THE 4TH DECEMBER, 2019

©

CHIEF JOSEPH ADEBOLAYO AKINTORIN HALL

IPOBA ROAD, ALADE-IDANRE

BY

THE ORDER OF THE COMMITTEE

CHIEF J. OGUNDOJU
UNION PRESIDENT

PASTOR OGUNDAYOMI FELIX
MANAGER

**ALADE-IDANRE COOPERATIVE MULTIPURPOSE
UNION LIMITED**

P.O. BOX 15, IDANRE ONDO STATE OF NIGERIA

2017/2018

ANNUAL ACCOUNT AND COMMITTEE REPORT

PRESENT AT THE

37TH ANNUAL GENERAL MEETING

HELD ON THE 4TH DECEMBER, 2018

@

**CHIEF JOSEPH ADEBOLAYO AKINTORIN
HALL**

IPOBA ROAD, ALADE-IDANRE

BY 11:00AM

BY

THE ORDER OF THE COMMITTEE

**CHIEF J. OGUNDOJU
UNION PRESIDENT**

**PASTOR OGUNDAYOMI FELIX
MANAGER**

ALADE IDANRE COOPERATIVE MULTIPURPOSE UNION LIMITED

P.O BOX 15, IDANRE ONDO STATE OF NIGERIA

2016/2017

ANNUAL ACCOUNT AND COMMITTEE REPORT

Present at the

36TH ANNUAL GENERAL MEETING

HELD ON THE 5TH December 2017

@

CHIEF JOSEPH ADEBOLAYO AKINTORIN HALL

IPOBA ROAD ALADE IDANRE

BY 11:00 AM

BY

THE ORDER OF THE COMMITTEE

CHIEF J. OGUNDOJU

UNION PRESIDENT

PASTOR OGUNDAYOMI FELIX

MANAGER

THIRTY SEVEN ANNUAL GENERAL MEETING OF ALADE – IDANRE
COOPERATIVE

MULTIPUPROSE UNION LIMITED 2017/2018 ANNUAL ACCOUNT AGENDA.

1. Opening prayer
2. Roll call
3. Introduction of visitors
4. Reading and adoption of previous year A.G.M on 5th December 2017
5. Presentation of the Executive Report
6. Presentation and Consideration of the year 2017/2018 Annual Account
7. Vote of thanks to the Outgoing Committee Members
8. Election of Committee members for 2018/2019
9. Resolution (if any)
10. General
11. Address
 - a. The President of manager's Association
 - b. The President of others unions present
 - c. The managing Director of TULIP COCOA
 - d. The ODSCOFED LTD Executive Secretary
 - e. The President of ODSCOFED LTD
 - f. The Director of Cooperative service Ondo State, Akure.
12. Vote of Thanks
13. Announcement
14. Adjournment
15. Closing prayer

**THIRTY SIX ANNUAL GENERAL MEETING OF ALADE-IDANRE COOPERATIVE
MULTIPURPOSE UNION LIMITED 2016/2017 ANNUAL ACCOUNT AGENDA.**

1. Opening prayer
2. Roll call
3. Introduction of visitors
3. Reading and adoption of previous year A.G.M held on 21st December 2016
4. Presentation of the Executive Report
6. Presentation and consideration of the year 2016/2017 Annual Account
7. Vote of thanks to the Outgoing committee Members
8. Election of committee members for 2017/2018
9. Resolution (if any)
10. General
11. Address
 - a. The president of manager's Association
 - b. The president of others union societies present
 - c. The managing Director of TULIP COCOA
 - d. The ODSCOFED LTD Executive Secretary
 - e. The president of ODSCOFED LTD
 - f. The director of Cooperative services Ondo State, Akure
12. Vote of Thanks
13. Announcement
14. Adjournment
15. Closing prayer

BYE-LAWS

OF THE

.....ALADE - IDANK.....

.....C. M. U. LTD.....

CO-OPERATIVE MULTIPURPOSE

SOCIETY LIMITED

