

BIBLIOGRAPHY

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ABSTRACT

The study was conducted to determine the growth that might have occurred the cooperative brought by the credit operation of the Topdac Multi-purpose Cooperative in 2003-2007 as to income, share capital and asset and to determine the level of patronage of members in the credit operation.

Financial documents were taken as the primary data used in the analysis of the study. The manager and some officers were also interviewed to validate some information from the financial data.

It was observed that in the credit operation, it has a minimal contribution to the total revenue compared to the consumer service, But in the later years there was a significant increase in the credit operation and this could be attributed to the interest on loans released and partly from the service fee and fines of past due loans and also from the increased share capital. In terms of asset, credit operation has a very significant contribution to the cooperative growth in 2007, due to increased loan releases and number of borrowers.

The amount of loan released had been increasing yearly from 2003 to 2007 and so with the number of borrowers. This finding implies that there is an increasing demand for credit by the members.



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INTRODUCTION

Rationale of the Study

Cooperatives are able to reach and benefit sectors of the population that would not normally be served by other private sector institutions or direct government programs.

The relatively permanent institutions created by cooperative development in the Third World provide an institutional framework through which other resources and programs can be channeled. The high premium placed on member participation in the operations and decision making of the cooperative promotes independence and self-reliance encouraging members to take an active role in their own development.

Cooperatives offer an attractive alternative to public sector programs. The paternalistic approach of governments and absence of competition provide little incentive to seek efficient methods of product or service delivery. A cooperative, because it is recipient owned, has an automatic incentive to maximize benefits to the members (Cooperative Development, 1985).

One successful cooperative in Atok, Benguet is the Topdac Multi-Purpose Cooperative and it was organized on 1980. A consumer service was opened with ninety (90) initial members. Later on new service was added like the credit service which opened on August 1999 with thirty-six (36) member depositors. It has 3 branches, one offering both consumer and credit while the other two offer consumer service.

As of December 2007, Topdac Multi purpose Cooperative accumulated a total asset of P 3,768,205.53 with 349 regular members and 140 associate members.

Through credit operation, the cooperative had been providing loans to its members, which also contributed to its progress and development. In this connection, this



study aims to look on how credit service patronage of members affects the growth of the cooperative.

Statement of the Problem

The main aim of this study was to look on how the credit service patronage of members affects the growth of the cooperative with the following questions;

1. What is the growth in credit operation from 2003-2007 as to
 - a. Income
 - b. Share capital
 - c. Asset
2. What is the level of patronage on credit services from 2003-2007 as to
 - a. Number of borrowers
 - b. Amount of loan releases
3. What recommendations can be given for the improvement of the credit services?

Objectives of the Study

The specific objectives of this study were the following:

1. To determine the growth in credit operation from 2003-2007 as to
 - a. Asset
 - b. Income
 - c. Share capital
2. To determine the level of patronage on credit services from 2003-2007 as to
 - a. Number of borrowers
 - b. Amount of loan releases



3. To suggest for the improvement of the credit services?

Importance of the Study

The result of the study will determine the growth of the cooperative as to the credit operation of the Topdac Multi-purpose Cooperative. The findings will serve as a guide for the officers and employees in decision making for the improvement of the cooperative especially in credit operation.

For students', especially cooperative majors, this study would help them to gain knowledge about growth of cooperatives through credit operation and it would serve as reference for the further similar studies.

Scope and Limitation of the Study

This study focused on the growth of TMPC based on the credit operation. The analysis is limited in the 2003- 2007 financial report as basis in determining changes or growth of the cooperative.



REVIEW OF LITERATURE

Cooperatives are socially and environmentally sustainable enterprise based on the principle of caring for their members and communities where they operate. This makes them substantial contributions to achieving a coherent balance of growth, productivity, employment and concern for the environment (Henry, 2008).

Benguet Operators and Drivers Association Multi-purpose Cooperative (BODA-MPC) defined cooperative as:

C- Capitalized by members with common goal

O- Owned by members

O- Operated by members

P- Patronized by members

Marquez (2004) also defined cooperative as a voluntary association of at least 15 persons with common interest not capital. It begins with people who wish to provide themselves with good and services they need. Although capital or money is not the beginning of cooperative, it is the very life- blood of its successful operations. A cooperative must have adequate funds and these must be manage efficiently for the maximum benefits of its members and community. Much of the success of the cooperative depends on how its financial resources are used and allocated.

Contribution of Cooperative to Community Development

According to Zueli (2005), cooperatives have the potential to foster economic growth at the community and the regional level, building on the spirit of cooperation that is already prevalent in rural areas. With local ownership and control, and net profits



distributed to those who use its service, cooperatives are considered by some to be an ideal model for economic development. She also stated that cooperatives offer a way for a group of individual to pool unlimited resources to achieve critical mass and cooperative combine people, resources and capital into larger, more viable and economically competitive units.

Abella and Fajardo (1999) defined community development as a way for the people in a community to work together in order to build a better community and thereby improve the welfare of all. They organized themselves under the free will and work as a team to solve problems of their community. Both are concerned with the development of human resources and consider man as the most important factor of development.

A previous study at Topdac Multi purpose Cooperative by Marquez (2004) found that TMPC contributed an extensive service to the community in terms of health and economic.

Thus, the researcher recommends that there is a need to expand the contributions on economic aspect. Officers should find ways to increase their capital to cater more the needs of the members. There should be better cooperation among community people in helping their cooperative to succeed, encourage all members to patronize the cooperative and expand the space in order to sell agricultural products.

Cooperative Growth

“Growth does not always lead a business to success. All too often it converts a highly successful business into mediocre large business” (Richard Branson, 1950).

Growth is the process of expanding or developing, especially rapidly (Microsoft Encarta, 2006).



Ordinary least squares results that both diversification and advertising strategies are important determinants for Investor Owned Firms (IOF) growth, while the cooperative growth depends on the capital structure and intensity (Karantininis *et al.*, 2002).

Lerman *et al.* (1993) also stated that cooperatives grow if they maintain their competitive posture and continue providing services to their members and for it to remain viable. In addition, it was stated that cooperatives need to grow to take advantage of a continuum of new technologies, new opportunities for the economies of size and increased efficiency.

Onagan *et al.* (1973) also added that cooperation through cooperation of its principles and doctrine is actively dynamic. One of its inherent characteristics is growth. It develops and expands to all directions until the whole world is merged to the system. As a unit a cooperative increases in size to a point where all people in its trading area are absorbed. The cooperative system has its own remedies to accomplish this goal. Its services grow both in quantity and in quality commensurate the needs of members. By the operation of patronage refund and by their watchful guidance and encouragement given by their cooperative to improve their economic status, members find themselves actually and actively accumulating wealth as the years go by. This dynamic accumulation of wealth is the characteristics of the cooperative system; therefore, growth is characteristic of, and inherent to, cooperativism.

The Cooperative Management Manual by Cooperative Development Authority (CDA) stated that one big factor for cooperatives growth is the ability to campaign for



membership and develop them as new members to conform to the norms of cooperative organization.

Credit Cooperative Defined

Llanto (1994) stated that credit cooperatives are community based and grassroots financial institutions, which operate in both rural and urban areas, providing those communities with variety of financial services not otherwise available from the traditional lending institutions.

Abella *et. al.* (1999) mentioned that credit had been derived from the Latin word “creditum” which means trust. If there is trust, there is credit. Trust can be exchange with money, goods or services. Thus, credit refers to the ability of an individual or institutions to acquire goods, money or services now in return for promise to pay at a definite time.

Aims and Objectives of Credit Cooperatives

According to Onagan *et. al* (1973), the aims and objectives of credit cooperative is to teach members to save regularly and continuously a portion of their income; to extend credit to members at low rate of interest and on terms ideally favorable and beneficial to members; to educate members in wise and productive use of money and to fully enlighten members on the true nature and aim of cooperation and make them realize that mutual action offers the most effective means of obtaining social and economic benefits.



Problems Encountered in Credit Affecting the Growth of Cooperatives

Patricio (2006) enumerated that the following factors affect the failure of Loo Consumers Cooperative Inc. such as: a) Negative influence of competitors b) High cost of maintaining assets c) Non- payment of loan/ credit d) lack of cooperative education e) Lack of cooperation in the cooperative

In addition, she found out that loan delinquency on payment of loan or credit mostly causes the cooperative failure.

Cawaon as cited by Todyog (2006) stated that the practice of requiring loan collateral for loaning is the protection of the investors for losses due to the failure of the business and bad faith of borrowers.

Credit cooperatives are faced with viability problem caused mainly by the delinquency on loan receivables. Loan capacity is impaired by such delinquency so that other possible beneficiaries lose opportunity to borrow and use loans as complements for sustaining capital.

Success Factor of Credit Cooperatives

The success of cooperatives rests on two important factors: strength and support of its members, and the efficiency and effectiveness of its management. (Saldo, 2005)

As cited by Abella *et. al.* (1999) based on the survey of successful credit operation in the Philippines, the following factors have been responsible for their success:

1. Continuous training and education of officers, members and employees.
2. Appropriate and adequate organizational structures to cope with the varying and increasing needs and problems of the cooperative members and the community.



3. Progressive and people- oriented policies on loans, savings, education, management and community development.
4. Presence of effective, honest and dedicated cooperative and community leaders.
5. Active involvement and participation of the officers and members in the affair of their cooperatives and the community.
6. Trust and confidence in cooperative officers.
7. Dependence on self- help process in achieving their programs and projects.
8. Wise selections of officers.
9. Spirit of cooperation and camaraderie prevails among the officers, members and employees of the cooperatives.
10. Efficient service for the promotion of social and economic advancement of the cooperative members.
11. Good public relations
12. Availability of competent and honest manager.



METHODOLOGY

Locale and Time of Study

The study was conducted in Topdac, Atok, Benguet where the Topdac Multi-purpose Cooperative is located. It was conducted from December to February 2009.

Respondents of the Study

The respondents of the study were the manager and credit committee of Topdac Multi-purpose Cooperative.

Data Collection

Financial documents were taken as a primary data used in the analysis of the study. The manager and some officers were also interviewed to validate some information from the financial data.

Data Analysis

The collected data was analyzed, tabulated and summarized according to the objectives of the study.



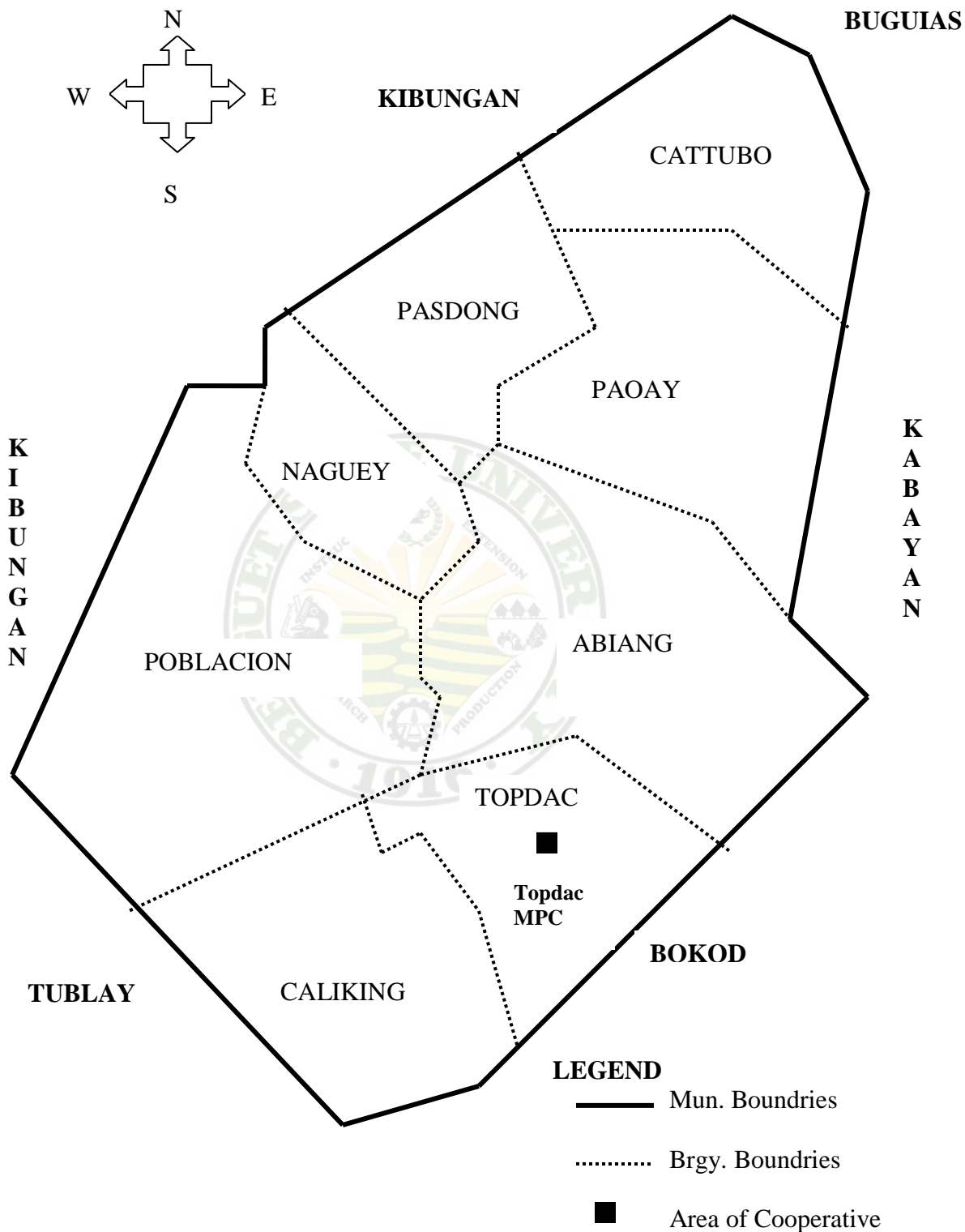


Figure 1. Map of Atok showing the location of Topdac Multi-Purpose cooperative



RESULTS AND DISCUSSION

History of Topdac Multi-Purpose Cooperative

The organization of the Topdac-Multipurpose Cooperative was an offshoot of the agricultural skills training project of Dr. Carlos T. Buasen implemented in the place on September 1, 1978. The objective of this project was to train farmers to become entrepreneurs and self-reliant. The skill taught during the training was on mushroom production, poultry production and hog raising. In August 1979, ninety seven (97) farmer trainees were graduated from the training program.

While the farmers were undergoing the skills training, they were also oriented about cooperative by Mr. Robert A. Cayanos. In 1980, the cooperative was organized with the 90 farmers who graduated from the training became the pioneering members. The cooperative started with only P7, 290.00 as initial capital. Of this amount, P5, 000.00 came from the proceed of the animal demonstration project while the P2, 290.00 was the initial share capital of the members. The cooperative started its initial operation on October 25, 1980.

To ensure the viability and proper management of the cooperative, Mr. Cayanos conducted continuous education on leadership and values formation, proper recording and others. The operation started with cash trading for one year. Since it cannot hire a store keeper, members volunteered and rotate as storekeepers for free. In the same manner, the board of directors and the committee members also rendered free services.

In February 23, 1983, the cooperative was registered as Topdac Consumers Cooperative, Inc.. It bought a parcel of land at Cadian and opened a new branch in the



same year. In that year also, Department of Trade and Industry (DTI) and Plan International donated P455, 735.00 for building construction at Pual and Cadian.

In August 9, 1993 the cooperative was registered at the Cooperative Development Authority and was renamed Topdac Multi-Purpose Cooperative which it carries until present. It was also in 1993 that the cooperative was affiliated with Northern Luzon Federation of Cooperative and Development Center (NORLU). Then in August 1999, the cooperative opened a credit service at Km.32, Topdac, Atok, Benguet.

Total Loans Released by the Cooperative

The amount of loan released, number of borrowers, average loan released per borrower, amount of loan receivable, interest income, service fee, and fines/surcharge are presented in Table 1. It can be gleaned from the table that the amount of loan released had been increasing yearly from 2003 to 2007 and so with the number of borrowers. In fact, between 2006 and 2007 there was an increase in total loans released by 246%. The amount of loan released per borrower increased in 2004 from P4,655 to P5,353. In 2005 there was an increase in the amount of total loans released but the average amount released per borrower decreased by 7%. In 2006 average loan released increased by 15% and in 2007 it increased by 166%. This finding implies that there is an increasing demand for credit by the members.

The trend in the past due loan was decreasing except in 2005 when past due increased to 15% of the total amount of loans released for that year. Fines or surcharge is imposed on past due loan and it can be figured out from the decreased collection of fines in 2005 that payment of past due loan was small thus it piled up in 2005.



Interest income and service fee are based on the amount loan released. It can be seen from the table that both are related to the amount of loan released. When the amount of loan released increased, the interest and service fee also increased. However, this was not true for 2005. There was an increase in the amount of loan released but there was a decrease in both the interest income and the service fee. One possible explanation for the interest income is that it is based on the actual interest paid by the borrowers. Notice that past due loan increased in 2005 thus it could explain the smaller interest income for the year. However, for the decrease in service fee collection, this could not be explained from the data obtained.

Table 1. Trend in loan releases by the cooperative from 2003 -2007

PARTICULAR	2003	2004	2005	2006	2007
Total loans released	237,393	278,375	303,070	360,781	1,247,599
Percent change		17	9	19	246
Number of borrowers	51	52	61	63	82
Average Loan released	4,655	5,353	4,968	5,727	15,215
Percent change		15	-7	15	166
Past Due Loan	41,600	20,249	44,601	32,880	63,987
Percent to Loan released	18	7	15	9	5
Interest income	61,321	59,706	54,374	61,136	160,899
Service fee	17,158	18,866	17,079	18,815	40,334
Fines/Surcharge	7,540	17,516	11,873	15,638	40,434

Source: Financial reports of the cooperative



Contribution of the Credit Service to Total Revenue of the Cooperative

The revenue of the cooperative comes from two sources: the consumer service, the main source, and the credit service which is the secondary source.

As presented in Table 2 and Figure 2, it was observed that there was a continuous increase in total revenue from 2004 up to 2007 except in 2005 that total revenue decreased. This is due to the temporary closure of Pual Branch during the year. In 2007, the officers implemented a new management strategy like Capital Build-up, Savings mobilization, conduct of seminars for the members and expansion of credit service that lead to the cooperative's increased revenue. The result of the analysis showed that the contribution of the credit operation had gradually increased from its initial operation in 2003 to 2006. In 2007, its contribution to the total revenue of the cooperative substantially increased. Its contribution increased from only 9.45% in 2003 to 22.14% in 2007 while the contribution of the consumer section is 89.60% in 2003 to 74.91% in 2007.

It was observed that the increase in credit operations income was the effect of the increased in the number of borrowers and increase in amount of loan per borrower as found earlier.

It was observed that in credit operation, it has a minimal contribution to the total revenue compared to the consumer service but in latest years there was a significant increase in credit operation and this could be attributed from the interest on loans released and partly from the service fee and fines of past due loans.



Table 2. Gross revenue of the cooperative from the credit and the consumer operations from 2003 – 2007

PARTICULAR	2003	2004	2005	2006	2007
Gross Revenue					
Consumer	815,515	899,773	836,074	813,160	817,887
Percent change		10	-7	-3	0.6
Credit	86,019	96,088	83,327	95,589	241,667
Percent change		12	-13	15	153
Others	8,636	8,234	13,974	13,785	32,220
Percent change		-5	70	-1	134
Consolidated	910,169	1,004,094	933,375	922,534	1,091,775
Percent Contribution (%)					
Consumer	89.60	89.61	89.58	88.14	74.91
Credit	9.45	9.57	8.93	10.36	22.14
Others	0.95	0.82	1.50	1.49	2.95



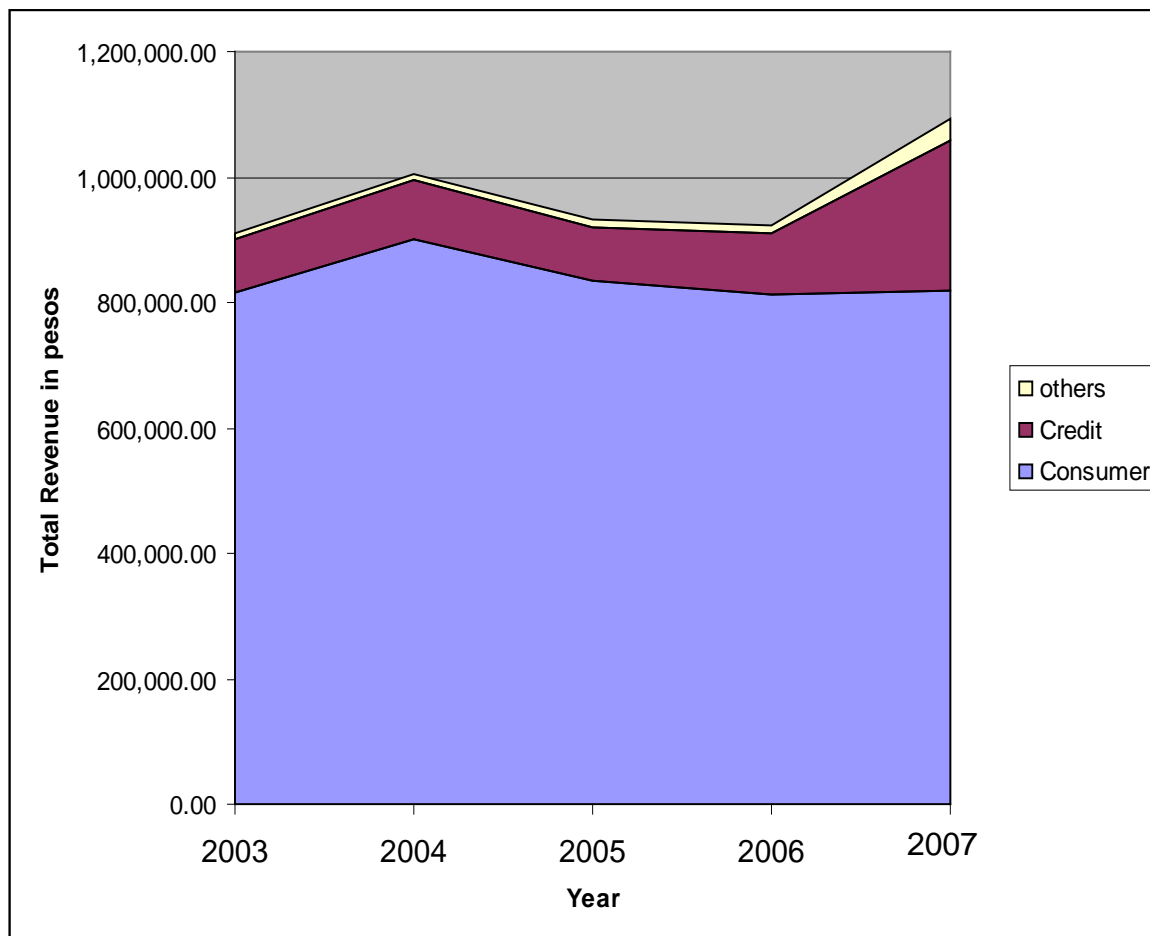


Figure 2. Breakdown of total revenue according to source

Contribution of the Credit Service to Net Surplus

Table 3 and Figure 3 show the net surplus of Topdac Multi-Purpose from 2003 to 2007 including the percent contribution of the credit and the consumer sections. It is observed that the total net surplus of the cooperative had been increasing every year except in 2005 because of the decline in total revenue as presented earlier. However, in 2006 this picked up a little then increased by about 29% in 2007. It can be seen from the table that the net surplus of the consumer section decreased a little in 2006 but was offset by an increase in the net surplus of the credit section. The higher increment in 2007 was due to an increase in the net surplus from both sections. Much of the increase however



was contributed by the credit section. Net surplus of the credit section in 2007 was 531% while that of the consumer was 11%. The analysis further shows that the contribution of the consumer section to net surplus of the cooperative decreased from 2003 to 2007 while that of the credit increased.

This finding implies that the contribution of the credit service to the overall performance of the cooperative is becoming more significant.

Table 3. Net surplus of the cooperative from 2003 – 2007

PARTICULAR	2003	2004	2005	2006	2007
Net Surplus					
Consumer	199,333	227,739	197,891	197,357	218,392
Percent change (%)		14	-13.11	-0.27	11
Credit	19,176	16,882	5,673	7,355	46,425
Percent change (%)		-12	-66	30	531
Consolidated	218,509	244,620	203,564	204,713	264,817
Percent change (%)		12	-17	0.56	29
Percent Contribution					
Consumer	91.22	93.10	97.21	96.41	82.47
Credit	8.78	6.90	2.79	3.59	17.53
Consolidated	100	100	100	100	100



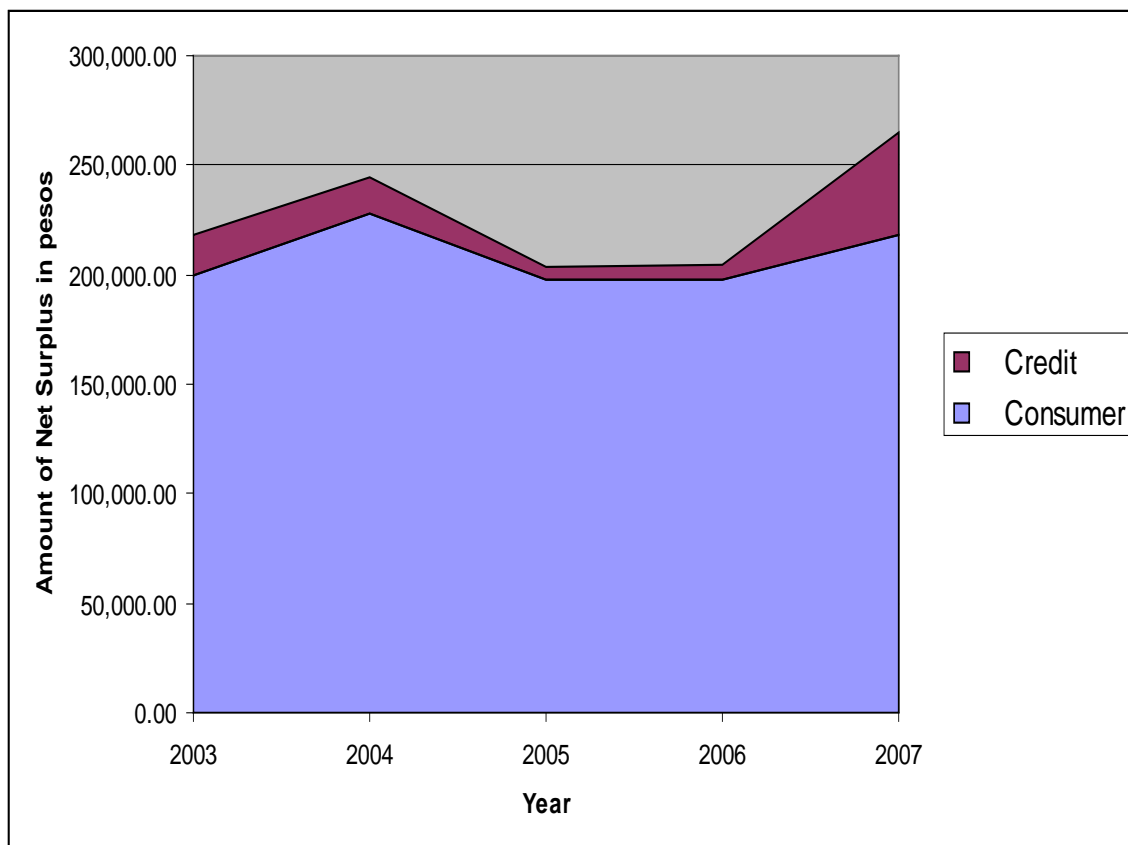


Figure 3. Breakdown of net surplus according to source

Contribution of Credit to Paid-up Share Capital

Table 4 and Figure 4 present the trend in the total paid up share capital of members from 2003 up to 2007 for the whole cooperative as well as the share capital in the consumer and the credit sections. The total share capital had been increasing continuously from 2003 to 2007. There was a decline in the growth rate in 2005 from about 10% in 2004 to only about 5% in 2005. Although there was an increase in the growth rate in the consumers section from about 11% to 15% this was negated by the decline in growth rate of the credit section from 10% to only 3%. The opposite happened in 2006. There was a slight decline in the growth rate in the consumers section but this was more than offset by an increase in the credit section thus, the overall growth rate



increased a little. It is the rule in the cooperative that every time a member avail the credit service, he/she must add to share capital in order for them to avail the said service. As presented in Table 1, the loans released increased from 17% in 2003 to 246% in 2007 and so with the number of borrowers and this is the factor why the share capital increased.

Table 4. Paid-up share capital of members from 2003 – 2007

PARTICULAR	2003	2004	2005	2006	2007
Paid-up share capital					
Consumer	802,120	879,921	906,386	960,575	1,074,673
Percent Change		11	15	12	25
Credit	195,831	216,754	250,071	279,213	349,223
Percent Change		10	3	6	12
Consolidated	997,952	1,096,675	1,156,457	1,239,788	1,423,896
Percent Change		10	5	7	15
Percent Contribution					
Consumer	80.37	80.24	78.38	77.48	75.47
Credit	19.62	19.76	21.62	22.52	24.53
Consolidated	100	100	100	100	100

Source of data: Financial report of the cooperative



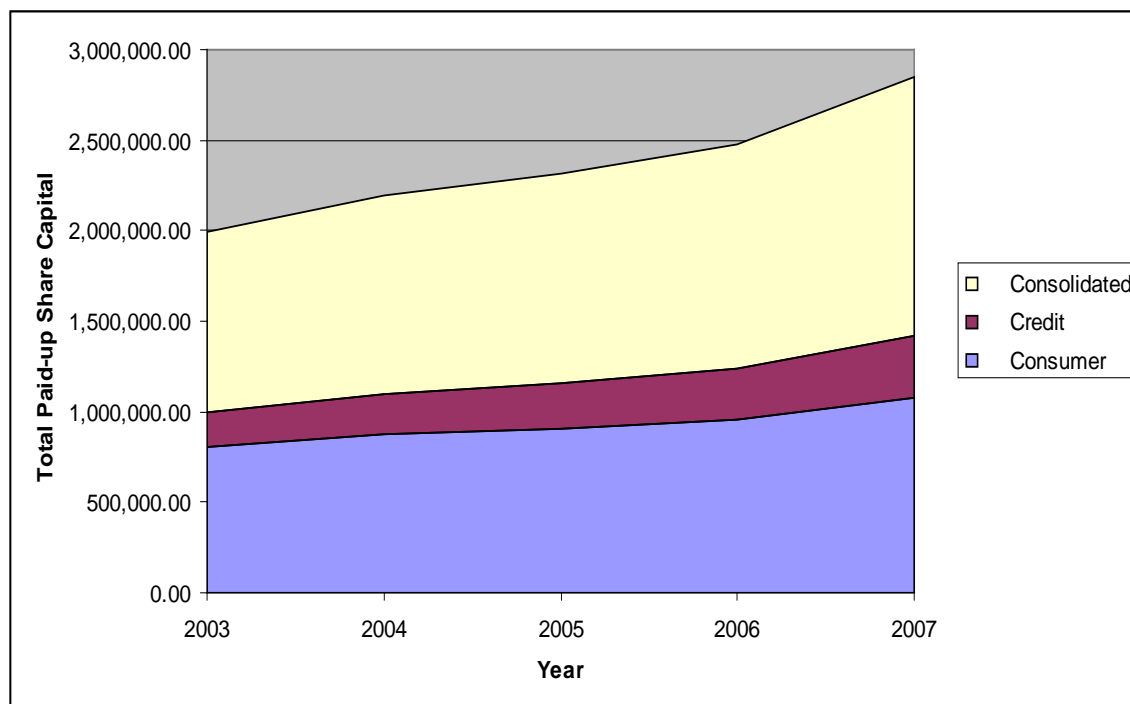


Figure 4. Total paid-up share capital of the cooperative

Contribution of the Credit Service to Total Asset

Table 5 and Figure 5 show the growth of the cooperative's total asset from 2003-2007. The data shows that asset increased by 7% from 2003 to 2004 but a very slight decrease was observed in 2005 due to the decreased in merchandise inventory of the consumer section. These were the merchandise spoiled during the strong typhoon. The total asset of the credit section, however, increased by 23% during that year. In 2006, there was again a decrease in the total asset of the cooperative due to the decrease in the value of the building. The store building in Pual that was destroyed during the typhoon in 2005 was declared condemned in 2006 but for the credit section its asset increased by 16%. In 2007, the asset of the credit section increased by 134% due to the loan acquired from Land Bank of the Philippines. This money was given out as loans to members. This also contributed to an increase in the total asset of the cooperative. As observed from the



table, total asset of the cooperative increased by 65% in 2007 due to the increase in asset of the credit section and the increase in the common asset. The common asset refers to the assets that are not classified as asset in credit or in consumer like the properties and equipments of the cooperative.

Table 5. Total asset of the cooperative from 2003 – 2007

PARTICULAR	2003	2004	2005	2006	2007
Total asset					
Consumer	359,038	412,945	378,499	387,611	323,895
Percent change		15	-8	2	-16
Credit	545,373	569,179	699,704	813,384	1,906,093
Percent change		4	23	16	134
Common Asset	1,298,571	1,376,464	1,278,177	1,077,513	1,538,217
Percent change		6	-7	-16	43
Consolidated	2,202,981	2,358,588	2,356,380	2,278,507	3,768,206
Percent change		7	-0.09	-3	65
Percent Contribution					
Consumer	16.30	17.51	16.06	17.01	8.60
Credit	24.76	24.13	29.69	35.70	50.58



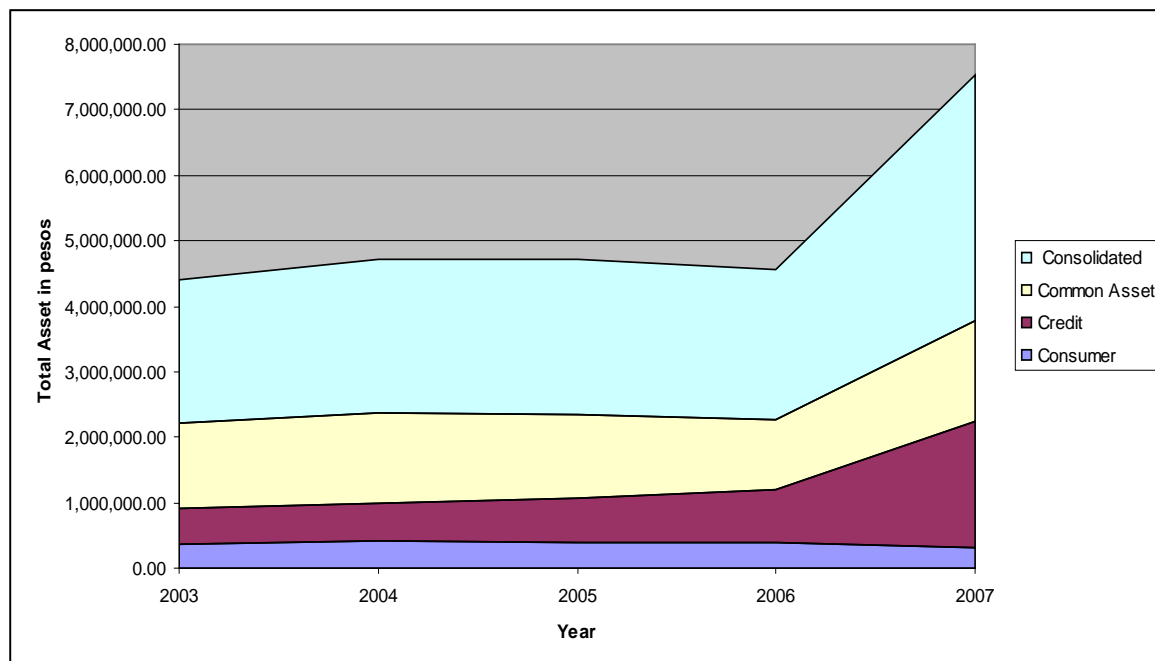


Figure 5. Total asset of the cooperative

Total Liabilities of the Cooperative

Table 6 presents the liabilities of the cooperative. It is observed that liabilities of the credit section had been increasing yearly. The highest increment occurred in 2007 because of the loan from Land Bank as stated earlier. This was also due to an increment in the savings deposit of members. It was observed that credit has the highest liability in 2007. The increase in total liability of the credit also contributed to an increase in the total receivables thus, it helps in the operation of credit service that caused the growth in credit income and in total assets in 2007. While the total liability of the credit section had been increase, total liability of the consumer section experienced a decreasing trend.

Credit service has a very high contribution to total liabilities but it help in generating a high income and increase in asset in year 2007.



Table 6. Total liabilities of the cooperative from 2003 - 2007

PARTICULAR	2003	2004	2005	2006	2007
Total liabilities					
Consumer	730,570	232,585	239,718	219,130	407,536
Credit	97,569	129,248	115,371	173,072	1,354,627
Consolidated	828,140	361,833	355,089	392,201	1,762,162
Percent Contribution					
Consumer	88	64	68	56	23
Credit	12	36	32	44	77
Percent Change in Liabilities					
Consumer		-68.16	3.07	-8.59	85.98
Credit		32.47	-10.74	50.01	682.70
Consolidated		-56.31	-1.86	10.45	349.30

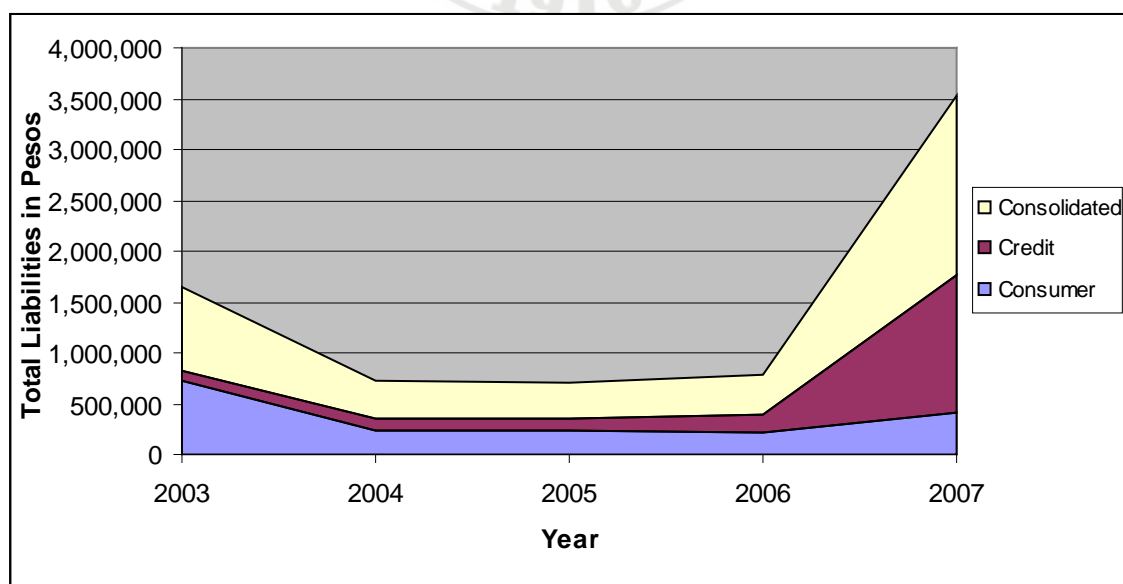


Figure 6. Total liabilities of the cooperative



Total Receivables of the Cooperative

Table 7 and Figure 6 present the trend in total receivables of the cooperative and the proportion of the receivable that is past due. It is observed that total receivables continuously increased in both the consumer section and the credit section. Furthermore, it is presented that total loans receivable (credit) had increased tremendously between 2006 and 2007 (233%). This connotes that demand for loan by members had been increasing through the years. The trend for account receivable in the consumer section had been increasing through the years also. The implication is that sales on credit had been increasing from 2003 to 2007. Relating this to the past due, it can be gleaned that the total past due from the consumer section had been increasing yearly. This was the same for the credit section. Credit service has a significant contribution in total receivables, it was derived from the loans released and past dues.

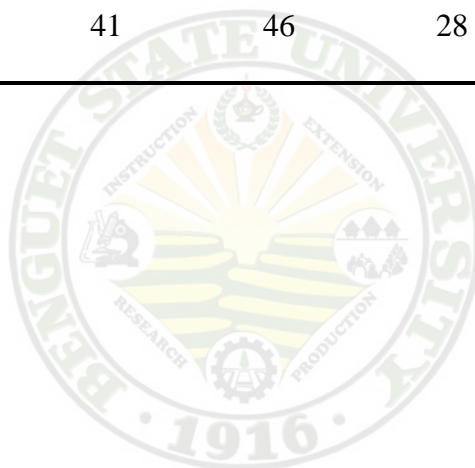
Table 7. Total receivables and past due from 2003 to 2007

PARTICULAR	2003	2004	2005	2006	2007
Total receivables					
Consumer	370,476	391,265	438,889	507,360	550,532
Percent change		6	12	16	9
Credit	278,993	298,624	347,671	393,661	1,311,586
Percent change		7	16	13	233
Consolidated	649,469	689,889	786,560	901,021	1,862,118
Percent change		6	14	15	107



Table 7. Continued...

PARTICULAR	2003	2004	2005	2006	2007
Past Due					
Consumer	148,623	196,926	126,404	150,596	141,031
% to Receivable	40	50	29	30	26
Credit	41,600.00	20,249.10	44,600.96	32,879.96	63,986.86
% to Receivable	15	7	13	8	5
Consolidated	190,222.80	217,175.53	171,004.69	183,475.66	205,018.16
% to Receivable	41	46	28	26	13



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

This study was conducted at Topdac Multi-purpose Cooperative, Km.32, Topdac, Atok, Benguet in order to determine the growth in the cooperative brought by the credit operations to asset, income and revenue and to determine the level of patronage on credit services as to no of borrowers and amount of loan released occurred within year 2003-2007.

Financial documents were taken as a primary data used in the analysis of the study. The manager and the officers were also interviewed to validate some information from the financial data. The collected data was analyzed, tabulated and summarized according to the objectives of the study.

It was found out that the growth in asset increased for 7% in 2003 to 2004 but it decreased in 2005 to 2006 because of calamity that affects the one branch of the cooperative and its operation was temporarily stopped. In 2007, the asset increased for 65%. For the growth in credit operation income, it was observed that there was a continuous increase from 2003 up to 2007. From 2006-2007, the contribution of credit was higher compared to the previous past 2 years. In 2007, 22.14% of the gross revenue came from credit service while 74.91% came from the consumer service. Said growth could be attributed to the new management strategies of the officers and employees like capital build-up implementation, savings mobilization, conduct of seminars for members and expansion of credit service. For the credit operation, the members' paid up share capital increased from 19.62% in 2003 to 24.53% in 2007. Share capital affects the



growth of credit income because every time the member avail the credit service they must add first their share capital.

The amount of loan released had been increasing yearly from 2003 to 2007 and so with the number of borrowers. In fact, between 2006 and 2007 there was an increase in total loans released by 246%. The amount of loan released per borrower increased in 2004 from P4,655 to P5,353. In 2005 there was an increase in the amount of total loans released but the average amount released per borrower decreased by 7%. In 2006 average loan released increased by 15% and in 2007 it increased by 166%. This finding implies that there is an increasing demand for credit by the members.

Conclusions

Based from the findings of the study the following conclusions were made

1. The increase of asset could be attributed to the increase in revenue of credit and consumer service.
2. The increase in credit income was the effect of the increased in the number of borrowers and increase in amount of loan per borrower.
3. As the number of borrowers increase, the amount of loan released also increases, this implies there is an increasing demand for credit by the members.
4. As number of borrowers increase, the share capital contributions of members in the cooperative also increase.
5. New management strategies like capital build-up implementation, savings mobilization, conduct of seminars for members and expansion of credit service improves the performance of the cooperative and the members.



6. Member's participation was observed especially in year 2007 and it affects the growth of the cooperative.

7. The past due loan was decreasing except in 2005 when past due increased to 15% of the total amount of loans released for that year. Fines or surcharge is imposed on past due loan and it can be figured out from the decreased collection of fines in 2005 that payment of past due loan was small thus it piled up in 2005.

Recommendations

The following are recommended:

1. Topdac Multi-purpose Cooperative should continue its operation and services; expand more projects for the benefit of their members and the community which also contributes to its growth and success.

2. Officers should encourage more members of the cooperative to patronize the credit service.

3. The cooperative should continue the capital build- up scheme for the increase in share capital contribution.

4. The cooperative should regularly conduct training on cooperative management for more effective and efficient performance of management staffs.

5. The cooperative should buy a computer that helps in the efficiency and effectively in credit operation like making the financial statements and so with the consumer for inventory system.



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APPENDIX A

GUIDE QUESTIONS-OFFICERS

1. What is the growth in credit operation from 2003-2007 as to
 - Asset
 - Income
 - Share capital
2. What is the level of patronage on credit services from 2003-2007 as to
 - Number of borrowers
 - Amount of loan releases



APPENDIX B

Comparative Financial Condition
December 31, 2003-2007

	2003	2004	2005	2006	2007
Current asset					
Cash on Hand	292,445.17	286,083.81	284,121.46	150,768.10	223,322.11
Cash on Bank	168,145.45	138,809.78	134,143.82	244,924.21	467,165.23
Petty cash Fund	1,000.00	1,000.00	1,000.00	1,000.00	2,500.00
Accounts/Loans Receivable					
Current	459,246.49	472,713.45	615,554.96	717,545.07	1,657,100.35
Past Due	190,222.80	217,175.53	171,004.69	183,475.66	205,018.16
Allowance for probable Losses on Receivables	(48,413.47)	(54,928.73)	(48,624.52)	(48,624.52)	(45,822.79)
Cash advances to officers & employees	25,590.90	25,590.90			
Unused office/store supplies	32,164.53	35,123.27	30,431.21	42,767.23	1,740.10
Prepaid expenses	2,134.40	1,363.78	1,852.10	1,740.10	41,661.76
Merchandise Inventory	326,873.62	377,821.83	348,068.25	344,843.33	282,233.60
Total Current Asset	1,449,409.89	1,500,753.62	1,537,551.97	1,638,439.18	2,834,918.52
Investment Properties & Equipment	30,686.87	40,686.87	44,000.00	56,000.00	64,000.00
Land	110,725.25	110,725.25	110,725.25	110,725.25	157,395.75
Building	707,427.00	620,627.61	620,627.61	432,817.63	619,481.43
Accumulated Depreciation Building	(155,794.83)	(38,481.09)	(59,313.57)	(49,405.65)	(59,052.84)
Improvement Office/Store Equipment	9,434.50	9,684.50	9,684.50	9,684.50	9,684.50
Accumulated Depreciation	(3,902.09)	(717.95)	(21,347.63)	(41,961.47)	(62,575.31)
Furniture and Fixture Accumulated Depreciation	26,770.00	24,272.24	24,272.24	24,272.24	38,534.91
Total Properties & Equipment	699,120.71	784,081.09	736,644.37	533,404.91	742,293.55
Other Assets Deposits on Returnable Containers	20650.43	26071.93	31,189.43	34,769.43	34,927.43
Kitchenware's	3113.46	5644.46	5,644.46	5,793.46	8,297.46
Due from Branches					74,600.00
Miscellaneous Other funds and Depreciation		1,350.00	1,350.00	10,100.00	9,805.47
					73,963.10



Total Other Assets	23,763.89	33,066.39	38,183.89	50,662.89	126,993.46
Total Assets					
Liabilities					
Loans Payable					712,990.00
Due to Apex	13,501.33	12,231.01	10,579.66	10,235.65	13,240.85
Due to Main					13,240.85
Savings Deposit	70,312.45	103,063.23	96,226.68	154,237.11	585,161.98
Unearned Income	10,890.20	13,524.00	14,889.60	13,318.00	21,656.00
Dividend & Patronage Refund Payable	152,956.44	171,234.13	142,494.53	143,299.04	185,371.88
Total Current Liabilities	247,660.42	300,052.37	264,190.47	321,089.80	1,518,420.71
Loan Term Retirement Fund Payable		17,995.46	5,143.20	4,506.17	4,506.17
Total Long Term Payable		17,995.46	5,143.20	4,506.17	4,506.17
Mutual Benefit Fund Payable	34,479.43	43,785.50	85,755.50	66,605.50	239,235.38
Deposit for Share Capital Subscription					
Total Other Liabilities	34,479.43	43,785.50	85,755.50	66,605.50	239,235.38
Total Liabilities	282,139.85	361,833.33	355,089.17	392,201.47	1,762,162.26
Equity					
Common Share-Authorized Share Capital 92085 @ 100 Par Value					
Paid-Up Share Capital	997,951.75	1,096,674.87	1,156,456.68	1,239,788.12	1,423,895.91
Total Members Equity	997,951.75	1,096,674.87	1,156,456.68	1,239,788.12	1,423,895.91
Donation & Grants	570,942.65	569,237.12	507,830.26	290,416.85	242,180.75
Statutory Funds					
General Reserved Fund	178,815.77	157,515.86	145,967.01	166,209.95	192,897.12
Education and Training Fund (Local)	13,843.30	18,284.25	22,675.86	20,409.69	26,482.39
Optional Fund (building)	159,288.04	155,042.55	168,361.25	169,480.91	120,587.11
Total Statutory Funds	351,947.11	330,842.66	337,004.12	356,100.55	339,966.62
Total Liabilities & Members Equity	2,202,981.36	2,358,587.97	2,356,380.23	2,278,506.98	3,768,205.53



APPENDIX C

Comparative Financial Operation
December 31, 2003-2007

Revenue	2003	2004	2005	2006	2007
Gross Profit from sales	815,514.83	899,772.88	836,073.89	813,160.21	817,887.01
Interest Income from Loans	61,320.61	59,706.20	54,373.90	61,136.10	160,899.49
Service Fee	17,158.47	18,866.00	17,079.00	18,814.50	40,333.62
Fines/Surcharges	7,539.78	17,515.50	11,873.70	15,637.90	40,434.27
Membership Fee	1,300.00	1,600.00	1,400.00	1,400.00	3,500.00
Income/Interest from Investment	874.37	912.11	7,201.64	4,553.64	7,186.49
Miscellaneous	6,461.30	5,721.50	5,372.50	7,831.75	21,533.76
Total revenue	910,169.36	1,004,094.19	933,374.63	922,534.10	1,091,774.64
Expenses					
Financial Cost					
Interest on Savings	5,080.14	7,937.71	4,137.80	5,038.88	12,079.50
Interest Expense on Borrowings					32,932.72
Total Financial Cost	5,080.14	7,937.71	4,137.80	5,038.88	45,012.22
Administrative Cost					
Salaries & wages	255,137.40	333,633.16	297,945.60	332,126.30	329,836.60
Employee Benefits SSS,ECC, Phil. Health	26,978.80	31,278.00	26,957.00	35,097.63	44,844.59
Honorarium	20,950.70	25,768.75	25,371.50	21,935.80	28,235.40
Retirement Benefit	155,508.26	108,695.00	3,880.24		
Light,Power & Water	15,765.00	17,995.46	3,880.24		
Travel and Transportation	7,231.69	11,763.92	44,607.22	31,281.39	32,235.66
Bank Charges	31,499.80	27,907.00	120,227.67	116,804.52	177,283.43
Rental					1,483.00
Repair and Maintenance	2,300.00	2,400.00	1,800.00		
Office and store supplies	1,869.75	4,261.30	1,147.00	35.50	
Taxes and Licenses	45,765.30	64,664.62	51,220.13	44,414.39	55,614.50
Depreciation and Amortization	6,185.75	7,067.52	6,552.00	8,535.00	8,592.00
Meeting and Conference	21,487.76	14,442.01			
Representation	10,789.49	16,583.67	51,782.43	35,173.85	37,541.90
Communication	2,271.95	408.08	2,509.66	736.40	442.95
Insurance	6,545.25	10,401.30	14,410.80	11,514.50	18,228.60
Spoilage and Breakage	3,658.90	3,108.50	2,289.78	2,722.10	2,610.10
	2,434.57	2,408.08	2,442.89	2,923.19	3,956.88



General Assembly Expense	33,753.91	45,975.00	29,000.00	25,100.00	24,040.75
Members Benefit Collection			32,000.00	27,389.00	398.00
Affiliation Fees	2,600.00	600.00	400.00	650.25	500.00
Education and Training	9,236.83	2,494.92	600.00	4,031.74	1,200.00
Provision for probable Losses	7,463.63	6,515.26			
Miscellaneous Expense	5,195.12	8,484.75	3,964.55	4,684.75	6,201.01
Social Service Expense	11,946.16	4,680.00	3,381.50	7,304.00	7,825.00
Total					
Administrative Cost	686,576.02	751,536.30	725,673.22	712,782.31	781,945.45
Total Expenses	691,660.16	759,474.01	729,811.02	717,821.19	826,957.67
Net Surplus	218,509.20	244,620.18	203,563.61	204,712.91	264,816.97



APPENDIX D

Picture showing the Topdac Multi-Purpose Cooperative

