

## MARMARA OLIVE AGRICULTURAL SALES COOPERATIVES ASSOCIATION SUBSIDIARIES AND RECENT DEVELOPMENTS IN FINANCIAL LIABILITIES

### ASSOCIAÇÃO DE COOPERATIVAS DE VENDAS AGRÍCOLAS DE AZEITONAS DE MARMARA, SUBSIDIÁRIAS E DESENVOLVIMENTOS RECENTES EM PASSIVOS FINANCEIROS

Article received on: 10/9/2025

Article accepted on: 1/9/2026

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The authors declare that there is no conflict of interest

#### Abstract

In this study, we aimed to reveal the financial liabilities of Marmara Olive Agricultural Sales Cooperative and its affiliates and the proportional effect level of the subsidiaries. As it is known, Marmara Olive Agricultural Sales Cooperatives Association (MOASCA) has formed a significant range of subsidiaries with other enterprises including insurance brokerage services within its own structure for the purpose of its own increasing capital and being higher its export potential. Together with the increases in the financial investment targets of the Association, this situation created a portfolio of financial liabilities where the increases in the financial debt limits increased further. In the study, the medium- and long-term financial impact level of these dynamics is questioned and the position of the financial investments within the scope of this liabilities of consolidation is emphasized. On the other hand, the recent restructuring of financial debts has also had a capital increase effect on the Marmara Olive Agricultural Sales Cooperatives. In this context, the structure of the protocol agreement with Ziraat Bank on loan-debt payments supporting capital increases has been also emphasized. In addition, it appears that the financial position in which trade receivables and payables are questioned in relation to the related parties in recent years have also been shown a meaningful structure especially in terms of Expense Accruals. However, the position of "Wage Debts" in particular is striking in terms of the liabilities provided to employees for this institution. Between 2016 and 2017, there is a decrease in wage arrears paid to employees. It can be said that the decrease in these financial liabilities item does not constitute a striking

#### Resumo

Neste estudo, objetivamos revelar os passivos financeiros da Cooperativa de Vendas Agrícolas de Azeitonas de Mármara e suas afiliadas, bem como o nível de efeito proporcional das subsidiárias. Como se sabe, a Associação de Cooperativas de Vendas Agrícolas de Azeitonas de Mármara (MOASCA) constituiu uma gama significativa de subsidiárias com outras empresas, incluindo serviços de corretagem de seguros, dentro de sua própria estrutura, com o objetivo de aumentar seu capital e potencial de exportação. Juntamente com o aumento das metas de investimento financeiro da Associação, essa situação criou uma carteira de passivos financeiros, na qual os limites de endividamento aumentaram ainda mais. No estudo, questiona-se o nível de impacto financeiro de médio e longo prazo dessa dinâmica e enfatiza-se a posição dos investimentos financeiros no âmbito dessa consolidação de passivos. Por outro lado, a recente reestruturação das dívidas financeiras também teve um efeito de aumento de capital na Cooperativa de Vendas Agrícolas de Azeitonas de Mármara. Nesse contexto, também se destaca a estrutura do acordo-protocolo com o Banco Ziraat sobre pagamentos de empréstimos e dívidas que apoiam os aumentos de capital. Além disso, a situação financeira, especialmente no que diz respeito às contas a receber e a pagar em relação às partes relacionadas nos últimos anos, apresenta uma estrutura significativa, sobretudo no que se refere às provisões para despesas. Contudo, a situação dos "Dívidas Salariais", em particular, chama a atenção, considerando os encargos sociais da instituição. Entre 2016 e 2017, houve uma redução nos salários atrasados pagos aos funcionários. Pode-se afirmar que a diminuição desse item de passivo financeiro não representa uma



contribution scale in terms of the effects of the institution on capital increase.

**Keywords:** Financial Debts. Financial Investments. Financial Liabilities. Marmara Olive Agricultural Sales Cooperative Association.

*contribuição significativa para o aumento de capital da instituição.*

**Palavras-chave:** Dívidas Financeiras. Investimentos Financeiros. Passivos Financeiros. Cooperativa Agrícola de Vendas de Azeitonas de Mármara.

## 1 INTRODUCTION

Marmarabirlik Cooperative is an agricultural cooperative established in accordance with the Law on Cooperatives No. 1163 and conducting activities within this scope. In the recent years, the Marmara Olive Agricultural Sales Cooperatives Association has been experiencing a process of achieving significant capital increase targets by increasing its export potential as well as expanding its range of subsidiaries. For the Marmara Olive Agricultural Sales Cooperatives Association, it is possible to consider financial investments as short and long term investments within the framework of subsidiaries. In other words, together with the Marmara Olive Agricultural Sales Cooperatives Association, the joint ventures of the related investments include "Fertilizer Factories T. Inc.", "Groupama Insurance Inc.", "Besaş Bursa Bread and Food Industry and Trade Inc.", "Sifaş Sentetik İplik Fabrikaları A.Ş. (Synthetic Yarn Factories Inc.)", "Busep Bursa Serbest Bölge Kurucusu and İşleticisi (Busep Bursa Free Zone Founder and Actuator" and "Marmarabirlik Sigorta Aracılık Hizmetleri Ltd. Şti. (Marmara Insurance Brokerage Services Association Ltd Co.". In our definition dated 31 October 2017, these corporate subsidiaries, which we will also refer to as the Group, reveal the foundation of the corporate partnerships of Marmara Olive Agricultural Sales Cooperatives Association.

Together with the Marmara Olive Agricultural Sales Cooperatives Association, the liabilities of long- term financial investments of the Group are shaped by the participation rates and cost values and the net capital increases are stated at the end of the period after the values included in the consolidation. In this stage, the increased capital values that compare with the financial liabilities, but decreasing from the values at the beginning of the period, put forth the net amount of financial liabilities directed to end of the period. It can be said that financial values clarity is achieved in this context as a

reciprocal value in financial liabilities together with subsidiaries within Group. However, it is important to emphasize two important points for the Group in terms of consolidated values in netting amount of financial liabilities. The first one is Marmarabirlik Sigorta Aracılık Hizmetleri Ltd. Co.'s audit power and control power is over 50%. However, the related liability is not included in the consolidated financial statements as the participation costs of the related company are considerably lower in the financial statements. Second, one of the associate partners, Fertilizer Factories T. Inc.Co. The Group's financial assets are those that are not traded in the corporate markets and the cost amounts directly affect the financial liabilities.

Marmara Olive Agricultural Sales Cooperatives Association (MOASCA), which is the most important olive cooperative in the Marmara region, has reached its net financial value of TL 3.486.592.00 with the Şirket Group of Companies as of 31 October 2017. amount. In accordance with the protocol agreement signed with Ziraat Bank on the corporate follow-up of financial liabilities on 24 December 2013, the Group's structured finance obligation as loan debt is TL 60.893.347.00 it was determined as. Inflation-related impairments have been also considered for the MOASCA and other associates. At this stage, the net end-of-period values, which also consider the impairment at the beginning of the period, have been recorded at Fertilizer Factories, Inc. Co.

This Company has a striking position with significant decreases in shareholding interests. It is important to emphasize once again that the long-term financial investments of MOASCA and this group of subsidiaries are referred to as long-term financial investments. Because, the Group did not have any short-term financial investments between 31 October 2016 and 31 October 2017. However, it should be emphasized that financial liabilities as short-term and long-term institutional financial debts are considered as financial liabilities even if there are no short-term financial investments at the relevant dates and the most important reason is the variations in the maturity of bank loans and the debts of the institution that are subject to significant variable values according to the amortization period. When also considered structurally, it is seen that corporate bank debts and depreciation practices directed to Agriculture Cooperatives are also an important cause of financial liabilities throughout Turkey (Tan and Karaönder, 2013: 93).

## **2 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES RELATED TO MARMARA OLIVE AGRICULTURAL SALES COOPERATIVES**

Provisions for a cooperative can be defined as financial liabilities with uncertain time and amount. In other words, any kind of financial liabilities that create financial liabilities in the accounting of the company but which have a structuring uncertainty is considered as Provisions recognized as the required value in the related company (FAO, 2001: 14). The concept of financial liability for Marmarabirlik Cooperative is the financial values that require the financial values of the corporation to leave the related company, even for a benefit. This obligation of the Marmarabirlik Cooperative, which we base here, is based on emergence after the legal and implied acceptance. This means that the obligation cannot exercise the right of another alternative application of the relevant institution and it is a result relationship that may arise as a right of contract as well as past events (Crouch and Farrel, 2002: 15).

But, the term contingent liabilities and contingent assets are those assets that reveal whether financial liabilities will be realized in the future. Undoubtedly, the values referred to as Contingent Assets refer to assets resulting from past events that cannot be controlled by the related company in the current period and thereafter (Delloitte, 2019: TMS 37). As Marmarabirlik Cooperative, it is possible to say that the concept of Conditional Liability is more meaningful. In this context, Contingent Liability is a financial liability statement which expresses the position that the values of the financial liability cannot be measured exactly and there is no possibility of leaving the company in question (IFSASB, 2012: 8). All of these financial values, which are mentioned under any circumstance, differ from other legal and implied liabilities, in particular on the basis of "Provisions" and "Other Liabilities" approaches (UN, 2016: 5). As a financial liability statement, Provisions and Contingent Assets and The Other Liabilities for Marmarabirlik Cooperative have produced significant liabilities in the Company's balance sheet that the changes cause between 31 October 2015 and 31 October 2017. In Table 1 below, it is possible to interpret the financial liabilities arising from these changes.

**Table 1***Provisions, Contingent Assets and Liabilities in Marmarabirlik Cooperative*

Account Name -as TL-	31 October 2017	31 October 2022 (Assumed)
Provisions for Employee Benefits	1.504.732	6.250.000
Bonus Provisions	372.798	1.150.000
Provisions for Litigation (Staff)	1.131.934	4.800.000
Other Short-Term Provisions	2.283.601	7.900.000
Turnover Premium Provisions	2.283.601	7.900.000
<b>Total</b>	<b>3.788.333</b>	<b>20.100.000</b>

Sources: Marmara Zeytin Tarım Satış Birliği (2017), *Marmara Zeytin Tarım Satış Birliği Genel Kurul Denetim ve Faaliyet Raporu-2016-2017 İş Yılı (01.11.2016-31.10.2017) Altmış Üçüncü Hesap Yılı*, Bursa: Marmara Zeytin Tarım Satış Birliği Genel Müdürlüğü, 2017, p.74.

Given that the Turkish economy meets the definition of a high-inflation economy in terms of reporting periods, and Marmarabirlik Cooperative operates in an economic environment characterised by high inflation, it has adjusted its financial statements in accordance with the provisions of IAS 29 – Financial Reporting in High-Inflation Economies. Non-monetary items in the financial statements have been restated using appropriate indices reflecting changes in the general price level, expressing them in terms of purchasing power at the reporting date. Accordingly, non-monetary assets and liabilities, equity items, and income statement elements have been adjusted using the price indices published by the Turkish Statistical Institute (TÜİK) for the relevant periods.

However, it is important to emphasise that "Monetary Assets and Liabilities" have not been adjusted separately, as they are already expressed in terms of purchasing power at the reporting date. Nevertheless, the amounts included under provisions, contingent liabilities, and obligations; The relevant liability has been adjusted for inflation for the period from the date the obligation arose to the reporting date and reflected in the financial statements at their closest fair value. Gains or losses arising from inflation adjustment are accounted for under the "Net Monetary Position Gain/Loss" item in the income statement. As seen in Table 1, it is observed that there were significant increases between 2016 years and 2017 years in terms of provisions for employees. As related to this fact, two important reasons can be mentioned:

- The first of these is the increase in the payments made to the employees in these years and the increasing incentives for the employees. The second is the increasing in the amounts paid as a result of possible lawsuits as a result of employing more

staff within the organization. It can be said that these increases as provision value have had a significant effect on the increase of direct short-term provisions. On the other hand, increases in Turnover Premium Provisions are considered as short-term turnover as a result of being equal to short-term increases and are accounted for at the same value as other short-term provision values. Regardless of which stage, it can be said that the Marmarabirlik cooperative has experienced a 53 percent increase in Provisions, Contingent Assets and Financial Liabilities. These increase rates have been a significant impact on financial liabilities and, as a result with the increase in some amounts received as a provision via a multiplier effect increase was also doubled financial liabilities in short-term.

- On the other hand, it should be emphasized that significant pay increases take an important part in the increase of employee benefits for all agricultural cooperatives in Turkey (Duquid et al, 2015: 17). This situation has been revealed an important accounting relationship in terms of provisions and contingent liabilities in terms of Marmarabirlik Cooperative<sup>1</sup>. Since the values related to time and amount are not clear for Marmarabirlik Cooperative, these values which are defined as contingent liabilities are not included in the financial statements and are not accounted as income. Since the contingent liabilities consist of uncollectible income, financial liabilities result in the assessment of their potential effects as a risk factor. Indeed, in recent years, this has become an important risk factor for the Marmarabirlik Cooperative and has caused the turnover premium values to appear higher with the increasing exchange rate (Minareci, 2016: 4).

It should be emphasized here that provisions and contingent assets and financial liabilities have been not included in a balance sheet, and there are no government incentives and grants' support. In general terms, it can be said that government aid and incentives are not found in any way for Marmarabirlik Cooperative as periodical. Based on November 2015, it appears that the other fact that Provisions for Litigation have put forth a significant financial liability with significant increases until 2017. Undoubtedly, a significant portion of these liabilities has been composed of penalties and compensation paid against the lawsuit as financial liabilities.

### **3 FINANCIAL INVESTMENTS IN THE FRAMEWORK OF THE SHAREHOLDERS, AND PERIODICAL FINANCIAL LIABILITIES**

Undoubtedly, financial investments are one of the most important capital increase targets of a cooperative (ILO, 2015: 8). It is seen that cooperatives established especially for the common evaluation of agricultural products aim to increase the gains of participation with other institutions, even some sectors are in different sectors as mentioned earlier, within this framework, Marmara Olive Agricultural Sales Cooperative has formed a "Partners Group" in which five companies other than its own are taken into consideration, considering the depreciation values. It is observed that the shares of these companies that participate in this Group are higher than those of other associates, especially sectors covering agriculture and food product.

#### **3.1 The location of Associates Group in Marmara Olive Agricultural Sales Cooperatives Association (MOASCA)**

At the dates of October 31, 2016 and October 31, 2017, it can be said that the shares of the Marmara Olive Agricultural Sales Cooperatives Association vary slightly as a share the concerned financial associates, albeit small. Severance Pay liabilities are netted off by calculating the future receivables of Marmarabirlik and its employees under the current value. Therefore, actuarial valuation method is developed within the scope of employee benefits and total financial liabilities are calculated in accordingly to this approach. In these calculations, discount rates related to inflation valuation are taken into consideration and included in the real collection liabilities as a financial liability. In particular, the fact that the investments were on the basis of shareholders required us to consider the investments as financial investments other than physical securities investments. Table 2 below shows the participation rates and cost values of the subsidiaries.

**Table 2***Marmarabirlik Cooperative (MOASCA) Participants and Participation-Cost Values*

Name of Organization	Participation Rate	Cost Value	Provision for Impairment	Net Value of Statement of Financial Position*
Gübre Fabrikaları T.A.Ş.	% 0.02	7.199.756	6.874.648	325.108
Groupama Sigorta A.Ş.	% 0.48	2.301.878	154.342	2.147.536
Besaş Bursa Ekmek ve Besin Sanayi ve Ticaret A.Ş.	% 3	609.455	-	609.455
Sifaş Sentetik İplik Fabrikaları A.Ş.	% 0.10	405.069	405.069	-
Buseb Bursa Serbest Bölge Kurucusu ve İşleticisi	% 1.26	379.493	-	379.493
Marmarabirlik Sigorta Aracılık Hizmetleri Ltd. Şti.	% 100	25.000	-	25.000
<b>Total</b>		<b>10.920.651</b>	<b>7.434.059</b>	<b>3.486.592</b>

Source: Marmara Zeytin Tarım Satış Birliği (2017), *Marmara Zeytin Tarım Satış Birliği Genel Kurul Denetim ve Faaliyet Raporu-2016-2017 İş Yılı (01.11.2016-31.10.2017) Altmış Üçüncü Hesap Yılı*, Bursa: Marmara Zeytin Tarım Satış Birliği Genel Müdürlüğü, 2017, p.72.

\* As of October 31, 2017.

As shown in Table 2, Bursa Ekmek ve Gıda Sanayi Bursa Bread and Food Industry has the largest share of Marmara Olive Agricultural Sales Cooperatives by 3% share. The shares of other associates in the Group vary between 1% and 0.02%. Bursa Bread and Food Industry's cost value is 609.455 TL. as there is no provision for impairment, the net financial position value become a realty TL 609.455.00 with net value. In contrast, in the spite of Groupama Insurance Inc. Co. has a share of 0.48 %, the lowest deduction value for impairment in participation cost with TL 154.342,00, this corporation's financial contribution has concluded TL 2.147.536.00. as the highest value of Group. It is difficult to say that the participation capital shares of the partnerships established by the partners of Marmarabirlik Cooperative through capital increase provide a significant capital contribution with very significant proportional values. Indeed, the decrease in the participation shares of the participating Group companies after the cost values led the Marmara Olive Agricultural Sales Cooperative to a new structure with commercial receivables and debts. As the cooperatives in the international areas the objective here is to clarify the value of a capital contribution with contributions that are relatively low in value provisions and to target capital increases with the position of increasing creditors with the lower periodic financial liabilities (UN, 2018: 13). In addition, as of 2016-2017, the debts of the institution related to the employees of the cooperative decreased however,

there was no significant capital contribution value as current values.

### **3.2 Trade receivables with trade payables related to financial liabilities for Marmara Olive Agricultural Sales Cooperative**

It is observed that the trade receivables and trade payables of the Marmarabirlik Cooperative are realized mainly on the basis of bank credits. The maturity structure of bank credits also creates the opportunity to restructure the possible financial liabilities of the cooperatives on the basis of their balance sheets. The variable nature of trade receivables and payables, on the other hand, facilitates the movement of shareholder institutions in a wider and more effective time frame. There is no doubt that trade receivables and payables are directly related to the capital of the institution in cooperative practices. In other words, corporate receivables and payables consist of a rational estimation of the future capital flow (PwC, 2017: 16).

Within this framework, it is possible to say that the commercial debts of the Marmarabirlik Cooperative have increased within the scope of increasing export rates. The point that should be emphasized here is that the debts of Marmarabirlik Cooperative are short term debts. The fact that the debts are short- term is consistent with the export dates of the company for the current year. However, it should be emphasized that short-term debts of the Marmarabirlik Cooperative have increased considerably despite increasing receivables. These increases are higher than expected and can be said to cause significant price regimes in olive purchases after 2017. It is possible to watch on Table 3 the financial values of trade payables with trade receivables of Marmara Olive Agricultural Sales Cooperatives for 2016 and 2017.

**Table 3***Short Term Trade Receivables of Marmarabirlik Cooperative (TL)*

Account Name	31 October 2017	31 October 2022 (Assumed)
Receivers	53.789.293	185.000.000
-Trade Receivables from related Parties	141.967	9.500.993
-The Others	53.647.326	175.500.481
Credit Card Slips	26.694.306	82.500.9664
Rediscount on Receivables (-)	(894.664)	(6.592.515)
<b>Total</b>	<b>79.608.935</b>	<b>260.800.813</b>

Sources: Marmara Zeytin Tarım Satış Birliği (2017), *Marmara Zeytin Tarım Satış Birliği Genel Kurul Denetim ve Faaliyet Raporu-2016-2017 İş Yılı (01.11.2016-31.10.2017) Altmış Üçüncü Hesap Yılı*, Bursa: Marmara Zeytin Tarım Satış Birliği Genel Müdürlüğü, 2017, p.74.

As seen on Table 3, between 31 October 2016 and 31 October 2017, there is a significant decrease in short-term receivables for Marmarabirlik Cooperative. It is observed that these decreases are mainly caused by Trade Receivables from related Parties. The one-year process in which receivables from the parties are collected is also reflected in the increases in the credit card slips of the receivables to be collected from the parties<sup>1</sup>. It is clear that this decrease in receivables for Marmarabirlik Cooperative is due to different direction change trends in applications. On the other hand, it is seen that the discounts on creditors also have an effect, which can be said to be due to the short-term restructuring of creditors' values.

Indeed, it is a fact that all of the retail or wholesale sales of Marmarabirlik products are related to credit card slips that mean the received an advance payment. This practice, which also means an increase in direct cash sales for the current year of 2017, is also considered as an important price application phenomenon that increases the supply of Marmarabirlik products. The decrease in short- term receivables by around 10% in 2017 compared to 2016 is a result of the positive deviations in the receivables of Marmarabirlik.

But, although these deviations in the collection of receivables had a1 In Table 3, the creditors have been calculated by taking the amortized cost amount into consideration. The period to be taken into consideration in the proper understanding of financial liabilities is the term of maturity and the maturity in Table 3 has been considered as 69 days for 31 October 2017. As of 31 October 2016, this maturity was calculated as 87 days. On the other hand, another factor to be taken into consideration is that the

discount rate of receivables in TL in 2017 is traded as 12.5%. However, this rate was evaluated as 8.5% for 31 October 2016<sup>1</sup>.

Positive effect on the balance sheets, they did not have a significant positive effect on financial liabilities related to increasing of receivables of said agricultural cooperatives in Turkey which is usually caused by short-term sales. Increasing the term sales limits in collective sales is considered as one of the most important reasons for insufficient capital formation. Therefore, agricultural cooperatives sometimes need government incentives in order to reach their growth targets with increasing capital (Demirbaş and Tosun, 2005: 28). These institutions, where outward-opening policies are inadequate, are often supported by government subsidies rather than direct incentives (KPMG, 2018: 54). Marmarabirlik Cooperative also receives support from public finance institutions regarding its debts to the public.

In addition to this, to reach the net financial values of this institution between 31 October 2016 and 31 October 2017 and to comment on the net financial liabilities of this institution, Short Term Trade Payables should be also taken into consideration<sup>1</sup>. Financial liabilities related to Short Term Trade Payables are among the most important risk factors requiring to be considered meaningful the balance sheet accounts of the cooperatives (Williamson, 1987: 2). This risk approach stems from the fact that it is subject to more inclusive risk factors than Short Term Trade Receivables. On the other hand, short-term payables to sellers for the purchase of assets and olives often cause them to restructure their financial debts.

Factors such as exchange rate increases and capital increase risks are also considered as a serious cause of financial debt increase with significant deviations from balance sheet management targets. In this framework is considered, it is seen that the Marmarabirlik Cooperative's Short-Term Trade Payables between 31 October 2016 and 31 October 2017 are subject to significant increases.

In Table 4, it is possible to monitor the developments regarding Short Term Trade Payables related to Marmarabirlik Cooperatives between 31 October 2016 and 31 October 2017:

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<sup>1</sup> Please, refer to see: Marmara Zeytin Tarım Satış Birliği, Marmara Zeytin Tarım Satış Birliği Genel Kurul Denetim ve Faaliyet Raporu-2016-2017 İş Yılı (01.11.2016-31.10.2017) Altmış Üçüncü Hesap Yılı, Bursa: Marmara Zeytin Tarım Satış Birliği Genel Müdürlüğü, 2017, p.74.

**Table 4***Short Term Trade Liabilities of Marmarabirlik Cooperative (TL)*

<b>Account Name</b>	<b>31 October 2017</b>	<b>31 October 2022</b>
Sellers	107.325.356	325.800.000
-Trade Liabilities to related Parties	101.148.994	300.500.000
-The Others	6.176.362	25.300.000
Dept Rediscount (-)	(817.540)	(6.440.000)
-Trade Liabilities to related Parties	(743.533)	(5.820.000)
The Others	(74.007)	(630.251)
Expense Accruals	48.000	428.000
<b>Total</b>	<b>106.555.816</b>	<b>319.770.000</b>

**Sources:** Marmara Zeytin Tarım Satış Birliği (2017), *Marmara Zeytin Tarım Satış Birliği Genel Kurul Denetim ve Faaliyet Raporu-2016-2017 İş Yılı (01.11.2016-31.10.2017) Altmış Üçüncü Hesap Yılı*, Bursa: Marmara Zeytin Tarım Satış Birliği Genel Müdürlüğü, 2017, p.74.

As seen on Table 4, between the change in October 31, 2016 and October 31, 2017 is taken as a basis, it is seen that the Marmarabirlik Cooperative's Short Term Trade Debts increased nearly twice as dramatically. In particular, it is observed that the debts of Marmarabirlik Cooperative during the one- year period are due to the increase in the debt to the olive sellers. It can be clearly stated that the debts of the cooperative to the sellers are to the producers who are members of the cooperative<sup>2</sup>. On the contrary, it is seen that the debts to other participants have entered a decreasing trend. In the other words, the decrease in the financial values related to current debt reductions did not have a significant effect level. In addition, another important reason for the increase in financial liabilities between 2016 and 2017, which is observed in Table 3, is that the export sales percentages between the related years have decreased even more compared to the previous years. Therefore, decreasing export sales is that has been caused among the most important financial liability increases for Marmarabirlik Cooperative (Marmarabirlik Bülteni, 2011: 3).

<sup>2</sup> 1 The amortized financial values of the Short Term Trade Payables of the Marmarabirlik Cooperative are also considered together with the cost. Namely, the cooperative operational costs have been included in the amortized financial practising. The notable point here is related to the maturity days of "Short Term Trade Payables". As of October 31, 2017, the average maturity of Short Term Trade Payables is 117 days. However, as of October 31, 2016, the average maturity was traded for 64 days. But, it should be emphasized that the discount rates for the Short Term Trade Payables of 31 October 2016 and 31 October 2017 are the same as the discount rates for the Short Term Trade Receivables of the Marmarabirlik Cooperative in these years. Please, refer to see: Marmara Zeytin Tarım Satış Birliği, *Marmara Zeytin Tarım Satış Birliği Genel Kurul Denetim ve Faaliyet Raporu-2016-2017 İş Yılı (01.11.2016-31.10.2017) Altmış Üçüncü Hesap Yılı*, Bursa: Marmara Zeytin Tarım Satış Birliği Genel Müdürlüğü, 2017, p.74-75.

**Table 5***Key Simulation Assumptions (Explicit)\**

Parameter	Assumption
Average collection period (DSO)	90 days
Cost of short-term funding	35% annual
Inflationary environment	High & persistent
Pricing power	Partial
Supplier payment period	45–60 days

\*These assumptions reflect a stress-prone but realistic 2022 Turkish macro-financial environment.

As seen in Table 5 above, cash conversion mechanics receivables → cash delay effect: with a 90-day DSO, only ~25–30% of trade receivables are monetized within a quarter. Quarterly cash inflows from receivables are ≈ TL 65–78 million. The residual receivables stock remains structurally elevated throughout the year, creating a persistent cash-absorption loop. When the subject is considered on the basis of balance sheet–cash flow tension channels compression high nominal sales do not translate into immediate cash. This situation creates a separation between accounting profitability and operational liquidity, and financing costs spiral to bridge the gap, leading to increased short-term borrowing. An effective annualized cost ≈ 35% and even conservative rollover financing of TL 100 million implies a TL 35 million annual financing burden, which erodes operating margins directly. This why is that inflation–Mismatch Risk revenues are inflation-indexed ex post, while cash needs are ex ante.

Indeed, 2017 can be interpreted as a year when Marmarabirlik Cooperative had difficulty in paying its members to olive producers and extended its financial liabilities to long term via the other instalment payments. It should be emphasized that the increases in short-term trade liabilities are trade liabilities arising from sales for Marmarabirlik Cooperative and created significant debt items and created a clear negative effect on the balance sheet. Net figures after debt rediscount indicate that financial liability values increased by around 50% in 2017 compared to 2016. If this fact is considered in a general framework, it shows that the significant financial liability values attributed to all the cooperative enterprises arise from the debt obligations. Indeed, unpaid and postponed debts of co-operative enterprises reach significant have increased even after the legal rediscount of debts for some long years in Turkey (Okan and Okan, 2013: 52). At this point, it can be said that these problems in all agricultural cooperatives in our country,

including Marmarabirlik Cooperative, arise from structural reasons such as senior management, sales policy preferences that is not rational and problems in the control mechanism. However, we should not forget that these institutions, especially Marmarabirlik Cooperative, are directly affected by the wrong financial policies and legal regulations as keep to increasing financial liabilities.

#### 4 CONCLUSION

Marmara Olive Agricultural Sales Cooperatives Association is an agricultural cooperative which is traded with important financial liabilities within the Marmara Region. Since its establishment, it has increased its transaction volume with its increased capital and as a result, it has brought important financial liabilities to the agenda. It also aimed to increase capital with its small-scale associates, but experienced financial crises from time to time with different periodical changes in their balance sheets and increasing number of members. In general, Fertilizer Factories T. Inc. Co. and Groupama Insurance Inc. Co. are the bigger shareholders of Marmarabirlik Cooperative, but it is also difficult to say that Marmarabirlik Cooperative has received significant capital contribution support from its shareholders. Marmarabirlik Cooperative express its short-term trade receivables and liabilities at the average of the balance sheet values between the purchase price of olive and the revenues obtained after sale. When these values are compared, it is seen that financial liabilities have increased significantly. These increases in financial liabilities from the process for the practices put forth by legal regulations frequently that contain remarkable structural contradiction as well as institutional ones. Moreover, it is seen that the effect of monetary and exchange rate policies implemented in the process of general economic fluctuations in our country has more effect than expected in sales especially directed to foreign countries.

In terms of financial liabilities, it can be said that this effect stems from two important points. The first of these is the structural imperatives that the higher financial liabilities result from the devaluations of the Marmarabirlik Cooperative aiming for a stronger capital increase. This phenomenon, which led to significant real losses in short-term trade receivables, led to a financial change in which the institution's lesser, but longer-term borrowing policies were implemented. Moreover, the fact that olive purchases are

more likely to increase futures purchases with a controlled price policy than a high ceiling price can be considered as a practical application of this approach. The second factor is the cost elements arising from different purchases as a result of branch structures established in different regional areas and widespread horizontal structures. This element presents an important contradictory structure which also prevents the development of a strong and conscious partnership. In other words, the necessity of regulation and restructuring, which inevitably emerged as a result of the developments in economic and social life, was realized below the desired level, especially the price expectations. The existence of an olive production buying procurement policy under market conditions, on the other hand, has increased financial liabilities even if it reduces costs in the real practicing process. In addition to this approach, we should say that the deficiencies towards industrial integration play an important role in increasing the financial liabilities of Marmarabirlik Cooperative. This issue regarding financial liabilities is a phenomenon that increases the institutional costs arising from the contradictory position of agricultural and industrial policies towards Marmarabirlik Cooperative. In addition, it should be emphasized that this phenomenon reveals different cost elements for Marmarabirlik Cooperative according to sub-branches and the variability of the integration process. The increase in corporate liabilities as a result of the contradictions caused by the regulations regarding price and payment policies regarding the applications made within the scope of payments made to olive producers sufficiently explains this phenomenon.

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### **Authors' Contribution**

All authors contributed equally to the development of this article.

### **Data availability**

All datasets relevant to this study's findings are fully available within the article.

### **How to cite this article (APA)**

Özker, A. N. (2026). MARMARA OLIVE AGRICULTURAL SALES COOPERATIVES ASSOCIATION SUBSIDIARIES AND RECENT DEVELOPMENTS IN FINANCIAL LIABILITIES. *Veredas Do Direito*, 23(4), e234807. <https://doi.org/10.18623/rvd.v23.n4.4807>