



Accounting Methods and Adherence to Financial Reporting Standards in Agricultural Cooperatives within Rwanda's Southern Province (2020–2024)

Jasmine Mukayiranga
BBA Finance, Rwanda

Abstract

This research examines the financial practices and compliance with reporting standards among agricultural cooperatives in Rwanda's Southern Province, concentrating on 2020 to 2024. Agricultural cooperatives assist smallholder farmers by providing access to markets, credit, and enhanced negotiating power, contributing roughly 25% to the province's GDP. Nevertheless, a 2022 examination by Rwanda's Ministry of Trade and Industry found that merely 35% of cooperatives in the Southern Province met the standardized financial reporting requirements, which could hinder their access to formal financial services and investment options. This study used a mixed-methods, combining quantitative and qualitative data analysis. Data was collected from 50 cooperatives in Huye, Gisagara, and Nyanza districts to identify the main challenges obstructing compliance. Results show that over 40% of these cooperatives need help obtaining financing, primarily due to non-compliance or incomplete financial statements. Key challenges identified include a need for accounting skills among cooperative managers, an inadequate understanding of Rwanda's financial reporting standards, and dependence on outdated, manual record-keeping methods. Numerous cooperatives need more basic accounting tools and proper record management, which complicates providing clear financial information to stakeholders and prospective lenders. The research emphasizes improving compliance through targeted interventions, such as specialized accounting training for cooperative managers focusing on foundational financial principles and adhering to Rwanda's reporting standards. By implementing user-friendly reporting templates and digital record-keeping systems, cooperatives can easily maintain accurate and consistent documentation. These promising changes are expected to enhance transparency and accountability, leading to significant improvements in financial performance. Cooperatives will access new financing avenues, benefiting the rural economy. Better financial management will empower smallholder farmers, ensuring stable incomes and fostering vibrant, sustainable communities. Exciting developments are on the horizon.

Keywords: Agricultural cooperatives, accounting practices, financial reporting compliance, Southern Province, rural economic development, financial transparency, Rwanda