

FINANCIAL REPORT 2018



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CONNECTED DEVELOPMENT INITIATIVE

CORPORATE INFORMATION

BOARD OF TRUSTEES:

Oludotun Babayemi
Anthony Agbor Odo
Halima Baba
April Thompson
Jonas Svend Shelhorn

REGISTERED OFFICE:

Plot 759, 2nd Floor, F Wing Bassan Plaza,
Central Business District,
Abuja-FCT.

BANKERS

Guaranty Trust Bank Plc
Zenith Bank Plc

AUDITORS:

Ich-Dien: Audit
(Chartered Accountants & Corporate Advisors)
No. D04C, Peace Park Plaza,
Utako, Abuja.
Nigeria.
08036312295

STATE OF AFFAIRS

In the opinion of the Directors, the state of affairs of CODE is satisfactory and no events have occurred since the reporting date which would affect the financial statements as presented.

RESULTS FOR THE YEARS

	2018	2017
	N	N
Income	131,348,069.91	208,868,600.00
Excess/ (Deficit) of Income Over Expenditure	<u>19,113,756.73</u>	<u>60,293,810.00</u>

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31ST DECEMBER 2018.**

The Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, requires the Trustees/Directors to prepare financial statements for each financial year that gives true and fair view of the state of financial affairs of the organisation at the end of the year and of its statement of activities. The responsibilities include ensuring that the organisation:

- a) Keeps proper accounting record that disclose with reasonable accuracy the financial position of the organisation and complies with the requirements of the Companies & Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities and;
- c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates and are consistently applied.

The Trustees of CODE accept the responsibility for the financial statements, which has been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Boards (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA) CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act, No. 6, 2011.

The Trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the organisation and of its surplus for the year ended 31st December 2017. The Trustees further accept the responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate system of internal financial control.

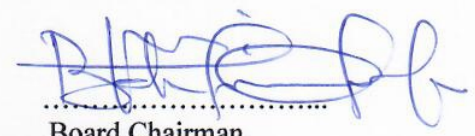
Nothing has come to the attention of the Trustees which indicates that the organisation will not remain a going concern for at least twelve months from the date of this statement.



.....
Chief Executive Officer



.....
Board Treasurer



.....
Board Chairman

April, 2019.

**CONNECTED DEVELOPMENT INITIATIVE
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2018**

The directors of Connected Development (CODE) present their directors' report and audited financial statements in respect of CODE's activities for the year ended 31 December 2018

Activities

Connected Development is a non-government organization that envisions a world where everyone will be able to hold their government accountable.

We engage people and partners by:

1. Increasing people's access to information through whatever technological means they choose.
2. Increasing and sharing innovative approaches to information exchange through experimentation, research, and technology.
3. Developing innovative platforms for coverage of social, environmental and governance issues.
4. Increasing the adoption and implementation of international development laws and policies.

Our mission is to empower people in marginalized communities to hold their government accountable for improved service delivery. This means working with children, their families, communities, governments, community based organizations, civil society organizations and partners across Africa, Europe and North America, and influencing decision-makers at national and international levels, to bring about sustainable change. Our work benefits from the support of philanthropy organizations who support our campaigns, and the community members who mobilize their communities to take action.

Importantly, our participatory community mobilization approach is community-led. It addresses issues that have been identified by communities themselves being as a result of the lack of government transparency and accountability, and that these are pressing issues for them. Through this work, with partners and civil society, we support efforts at the local level to enable communities have access to education, health, clean water and sanitation, and participation in decision-making.

The grassroots work is complemented by work at local, national, and international levels to influence policy decisions and behaviour, and through Follow The Money, our pan African global movement for tracking government spending to rural communities. We remain ready to track government spending in any rural community in Nigeria, and Africa at large and can adapt our programme work accordingly in order to secure the well-being and safety of children and families.

Our investment in local chapters is informed by a number of factors, including the number of communities that will benefit, the drivers of poverty and inequality in a state, and country and our ability to contribute to how citizens can hold their government accountable.

Membership and Structure

Connected Development's Follow The Money programme has 8 local chapters, and 7 prospective chapters. There are 6 local chapters in Adamawa, Borno, Kano, Kaduna, Plateau, and Yobe states in Nigeria, and two other local chapters in the Gambia and Kenya. Prospective local chapters are in Delta, Osun and Zamfara in Nigeria while outside Nigeria is Malawi, Cameroun, Togo, Uganda, and Zimbabwe. There are a total of 3,101 members from the 36 states and the Federal Capital Territory of Nigeria, and from other 10 countries in Africa. The local chapters have agreed to comply with the standards of operation prescribed by the constitution of CODE. Most chapters are separate legal entity in its own state and country, with objectives, purposes, and constitutions which are substantially similar to those of CODE. The local chapters carry out advocacy, campaigns and community mobilizations in their respective communities. CODE provides capacity building, fundraising support, and knowledge sharing.

CODE is registered in Nigeria as a non-government organization with its principal office in Abuja, Nigeria.

Directors

The Board of Directors of CODE directs the activities of CODE and is responsible for ensuring that the management of CODE is consistent with the Constitution and with the strategic goals of CODE as determined by the local chapters and members.

As at 31 December 2018, there were 5 directors on the board. All directors have fiduciary duties to act in the interests of CODE. Members of the board are nominated on the basis that they provide a range of skills and experiences of most importance to CODE. Board directors hold a term of two years, upon completion of which they are eligible for re-election for another term. In December 2018, all directors were returned for another term of two years commencing in January 2019.

The responsibilities and powers of the board are prescribed by the Constitution and CODE Board Book and include the following: the management of CODE's affairs in a manner consistent with the Constitution; the preparation of recommendations to CODE management; implementing the vision, mission and overall strategic goals and policies of CODE; overseeing the development and implementation of budgets and long-term financial plans approved by the directors; selection and evaluation of the performance; and assuring the financial integrity of CODE including reporting the results of assurance activities to CODE members and partners.

During the year, the board started an initiative to strengthen overseeing of the financial management and project performance of CODE. The board started monitoring the process and control improvements undertaken by the senior management. The board has also started responding to major programmatic and financial concerns that poses challenge to CODE's mission and vision.

The Board of Trustees as at 31 December 2018 comprised of:

Oludotun Babayemi

Halima Dennis Baba

Anthony Agbor

Svend - Jonas Schelhorn

April Thompson

Financial Statement

The directors of CODE are responsible for the preparation of this annual report and have taken responsibility for the preparation of the combined financial statements in respect of Connected Development.

The directors of CODE confirm that, in the case of each director in office at the date the directors report is approved, so far as the director is aware there is no relevant audit information of which CODE's auditors are unaware; and he/she has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors of CODE are aware of the information.

Connected Development [CODE]
Bassan Plaza, 10th Street,
2nd Floor F Wing,
Central Business District, Abuja, FCT



**Oludotun Babayemi,
(Board of Trustees)**



**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF CONNECTED DEVELOPMENT INITIATIVE**

We have audited the financial statements of Connected Development Initiative which comprises of Statement of financial position as at 31st December 2018, Statement of Activities, Statement of Changes in net assets, Statement of cash flow for the year then ended, and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, and in accordance with the Financial reporting Council of Nigeria Act No 6, 2011, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors Responsibility for the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statement. The procedure selected depends on the auditor's judgement including the assessment of risks of material misstatement of the financial statement whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Connected Development Initiative as at 31st December 2018, and its financial performance and cash flows for the year then ended in accordance with International financial reporting standards, Provisions of the Company and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.



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BN: Ow006917

**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF CONNECTED DEVELOPMENT INITIATIVE-Continued**

Report on Other Legal and Regulatory Requirements

In compliance with the requirements of schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of accounts have been kept by the Organisation so far as appears from our examination of those books;
- iii) The Organisation's Statement of financial Position and Statement of activities are in agreement with the books of account.

Abuja, Nigeria
April, 2019.



Ich-Dien: Audit
(Chartered Accountants)
FRC/2013/ICAN/00000003910

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018**

NON CURRENT ASSETS	Notes	2018 NGN	2017 NGN
Intangible Assets	4	-	-
Property, Plant & Equipment	5	19,921,009.24	22,387,990.52
Financial Assets: Investments		-	-
Sub-total non-current assets		19,921,009.24	22,387,990.52
CURRENT ASSETS:			
Inventories	7	-	-
Accounts receivables & Prepayments	9	1,994,379.00	48,540,599.38
Contributions receivable		-	-
Other receivables		-	-
Cash & Cash Equivalent	10	30,745,929.55	28,366,541.56
Sub-total Current Assets		32,740,308.55	76,907,140.94
Total Assets		52,661,317.79	99,295,131.46
LIABILITIES:			
Non- Current Liabilities:			
Bank overdraft		-	-
Account Payables	11	-	1,041,551.24
Deferred Income	12	-	12,039,160.29
Provision for grants payable		-	-
Sub total current liabilities		-	13,080,711.53
NON CURRENT LIABILITIES			
Bank Loan		-	-
Long-term employees benefit obligations		-	-
Provision for multi year grants payable		-	-
Sub-total non-current liabilities		-	-
Total liabilities		-	13,080,711.53
ACCUMULATED FUND AND LIABILITIES			
Accumulated Fund	14	52,661,317.79	86,214,419.93
Total Accumulated Fund & Liabilities		52,661,317.79	99,295,131.46

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF FINANCIAL ACTIVITIES FOR
THE YEAR ENDED 31ST DECEMBER, 2018**

	NOTES	2018 N	2017 N
Income:			
Grants from Individuals		-	-
Grants from Private Institutions	8	125,192,784.70	196,237,100.00
Private Income		125,192,784.70	196,237,100.00
Public Institution Income			
Other Income	16	6,155,285.21	12,631,500.00
Total Income		131,348,069.91	208,868,600.00
Expenditure:			
FTM Programmes or meetings	18	31,017,298.65	15,714,345.58
Programme Support	18	19,592,005.95	13,656,455.00
Community Outreach	18	21,003,690.00	36,125,535.00
Project Missions		71,612,994.60	65,496,335.58
Fundraising		500,000.00	-
Management and General Administration	17	38,344,141.00	82,036,903.18
Tax and Deductions	17	1,777,177.58	1,041,551.24
Other Expenses		40,621,318.58	83,078,454.42
Total Expenditure		112,234,313.18	148,574,790.00
Surplus/Deficit for the year		19,113,756.73	60,293,810.00
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		19,113,756.73	60,293,810.00

**CONNECTED DEVELOPMENT
STATEMENT OF CASHFLOW FOR THE
YEAR ENDED 31ST DECEMBER 2018**

	Notes	2018 N	2017 N
Cash flows from operating activities:			
Surplus	19	19,113,756.73	60,293,810.00
Adjustment for Non Cash Items			
Depreciation	5	3,266,981.29	3,983,575.83
Net cash provided by (used in) operating activities Before working capital items		22,380,738.02	64,277,385.83
Changes in Working Capital Items			
Account Payables	20	-	458,448.76
Other receivables	9	- 1,994,379.00	40,325,559.38
Inventory			
Prepayments		-	400,000.00
Cash generated from operating activities		20,386,359.02	23,093,377.69
Tax Paid (PAYE & WHT)	17	- 1,777,177.58	-
Net Cash from operating activities		18,609,181.44	23,093,377.69
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	-
Proceeds from the sale of property, plant and equipment			
Purchase of property, plant and equipment	5	- 800,000.00	19,868,820.13
Proceeds from sale of investments		-	-
Purchase of investments		-	-
Net cash provided by (used in) investing activities		17,809,181.44	19,868,820.13
Cash flows from financing activities:			
Repayments of borrowing			
Cash inflows from new borrowing		-	-
Receipt of restricted funds subject to conditions that mean that they cannot be spent in the reporting period		-	-
Net cash provided by (used in) financing activities		17,809,181.44	-
Change in cash and cash equivalents in the reporting period		-	3,224,557.56
Cash and cash equivalents at the beginning of the reporting period		28,366,541.56	25,141,984.00
Change in cash equivalents due to exchange rate movements	-	15,429,793.45	-
Cash and cash equivalents at the end of the reporting period		30,745,929.55	28,366,541.56

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018**

	RESTRICTED FUND	UNRESTRICTED FUND	TOTAL ACCUMULATED FUND
	N	N	N
As at 1st January 2018	50,193,666.49	36,020,753.44	86,214,419.93
Total Comprehensive income for the year	19,113,756.73	-	19,113,756.73
As at 31st December 2018	69,307,423.22	36,020,753.44	105,328,176.66
At 1st January 2017	7,023,646.45	18,896,963.48	25,920,609.93
Total Comprehensive Income for the year	43,170,020.04	17,123,789.96	60,293,810.00
As at 31st December 2017	50,193,666.49	36,020,753.44	86,214,419.93

CONNECTED DEVELOPMENT INITIATIVE NOTES TO THE FINANCIAL STATEMENTS

1.0 Corporate Information

Connected Development [CODE], founded in 2012 was registered as a Non Government Organization in December 2013 with registration number CAC/IT/NO 66312. **Connected Development (CODE)** is a non- profit organization whose mission is to empower marginalized communities in Africa. We do this by strengthening and creating platforms for dialogue, enabling informed debate, which will bring about government transparency and accountability within local communities.

2 Basis of Preparation

2.1 General information and statement of compliance

The financial statements of CODE have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statement also complies with the requirements of the Company and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria. The financial statements are presented in Nigeria Naira and all values are rounded to the nearest thousand (₦000). The Naira is also the functional currency of the Organisation.

2.2 Summary of Accounting Policies

The following are the significant accounting policies applied by CODE in the presentation of its financial statements: The policies have been consistently applied for all period presented.

a) Revenue/Income

Revenue comprises of grants received from various donors to fund CODE activities.

Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Organisation's different activities have been met. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Details of the activity-specific recognition criteria are described below.

(i) Donations/Grants from Donors/Grantors

CODE's programs are supported by donations/grants received from various

Donors/grantors in Nigeria and other countries (U.S.,U.K., etc.). Donations/grants are received when requests are made upon submission of the required documents/successful competition. Revenue is therefore recognized as at the time of receipt.

(ii) Interest income

Interest income is recognized using the effective interest method. When a loan or receivable (staff loan) is impaired, CODE reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognized using the original effective interest rate. Interest income is included in other income in the statement of activities.

(iii) Donations and Government grants

Donations or grants are sometimes received on the premise of full compliance with the donors 'guidelines or on the condition that specified services are delivered, or conditions are fulfilled. Revenue is recognized as guidelines are met or services are performed or conditions are fulfilled and at year-end a liability is recognized for those amounts where guidelines are not met or conditions are not satisfied. Revenue from non-reciprocal donations or grants that are not subject to conditions are recognized when the Organisation obtains control of the funds, economic benefits are probable and the amount of the donations or grants can be measured reliably. Donations or grants can be received in monetary or non-monetary terms. Non-monetary grants or donations are recognized at fair value at the date of donation or grants. CODE currently has not received donations or grants from the Government of Nigeria except where collaborations on an internationally funded program are required.

(b) Foreign currency transactions

Transactions in foreign currencies are converted into Naira at rates applicable at the transaction dates. At each reporting date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized as 'other income' (exchange gain) or other expenses' (exchange loss). Transactions denominated in foreign currencies are recorded in Naira at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date or where appropriate at the contracted rate of exchange if the balance is to be settled at a contracted rate. Any gain or loss arising from a change in exchange rates, subsequent to

the rates of transactions, is included as an exchange gain or loss in the statement of activities.

(c) Operating expenses

Operating expenses are recognized in statement of activities upon utilization of the service or at the date of their origin.

(d) Income tax

CODE is exempted from Federal income taxes under section 19 of the Companies Income Tax Act and does not conduct unrelated business activities. Therefore, CODE does not make provision for corporate income taxes; except employee tax and withholding tax on rent, hired infrastructures and consultants. This exemption status is renewable annually in Federal Inland Revenue Service (FIRS) where the activities of CODE as assessed by FIRS do not deviate from its core objects. Also, CODE has completed its equivalency determination, as such is an equivalent of a United States public charity.

(e) Property, Plant and Equipment

(i) Recognition and measurement

Property plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of donated items of property, plant and equipment is the fair value at the date of acquisition. Cost include, direct costs, appropriation of materials and other overhead associated with the production of the assets, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the CODE's accounting policy. Such properties are classified to the appropriate property, plant and equipment, and depreciation commences when the assets are ready for their intended use. They are amortised/depreciated on a straight-line basis over their estimated useful lives.

The relevant rates of depreciation are as follows:

Assets	Estimated Useful	Rate Of Depreciation
Furniture & fitting	10 years	10%
Office Equipment	5 years	20%
Plant and machinery	10 years	10%
Computer & Accessories	4 years	25%

Maintenance, repairs and renewals are generally charged to expense during the financial period in which they are incurred. CODE recognizes its items of property, plant and equipment using historical cost value.

Losses or gains on disposals of assets are recognized in the statement of activities under gains and losses on disposal. CODE currently has Office Equipment and Furniture & Fittings as its item of Property plant and equipment.

(ii) Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to CODE and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in the statement of activities as incurred.

(iii) Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities in the year the asset is derecognized.

(f) Impairment of non-financial assets

CODE assess whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Organisation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less cost of disposal and its value in use. There coverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflect current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. Those calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies and other available fair value indicators.

For all non-financial assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exist, CODE estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in statement of financial activities unless asset is carried at a revalued amount, in case the reversal is treated as a revaluation increase.

(g) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks, cash at hand and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. CODE considers deposits in banks, cash at the office and cash for project missions as cash and cash equivalents.

**(h) Employee retirement benefits
Defined contribution plan**

- i) CODE operates a defined contributory pension scheme as stipulated in the Pension Reforms Act 2014 as amended. Under the scheme, the Organisation and employees pay the stipulated respective contributions into a separate entity (Pension Fund Administrator) chosen by the employee. Once paid, CODE does not retain any legal or constructive obligation to pay further contributions if the Pension Fund Administrator does not hold sufficient assets to finance benefits accruing under the scheme.
CODE's contributions to the scheme are charged to the statement of activities and in the period to which they relate.
- ii) CODE operates a funded defined contributory benefit scheme for its staff, and the scheme relates to employees' length of service and remuneration. The scheme is managed by Stanbic IBTC Pension Managers Limited on behalf of CODE for the benefit of its employees.
- iii) CODE's liability towards the scheme is limited to its annual premium contribution. Once paid, the Organisation does not retain any legal or constructive obligation to pay further contributions if the Pension Fund Administrator does not hold sufficient assets

to finance benefits accruing under the scheme. The Organisation's contributions to the scheme are charged to the statement of activities and in the period to which they relate.

Short term employee benefits

Short term employee benefit obligations such as wages, salaries, paid annual leave, sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(i) Provisions, Contingent assets and Contingent liabilities

Provisions are liabilities of uncertain timing or amount and are recognized when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses/deficits. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(j) Deferred income

The liability for deferred income is the unutilized amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current liability.

(k) Non derivative financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Non-derivative financial

instruments comprise accounts receivables, held to maturity and cash and short term deposits.

(l) Financial assets

Non-derivative financial instruments (financial assets) are recognized initially at fair value plus any directly attributable transaction costs, except in the case of financial assets measured at fair value through profit or loss where transaction costs are recognized as an expense when incurred. Subsequent to initial recognition non-derivative financial instruments are measured as described hereafter.

Subsequent measurement of financial Assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as a deficit in the statement of activities. This category generally applies to Accounts and other receivables.

(m) Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or at amortized cost. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of payables, net of directly attributable transaction cost. CODE's financial liabilities include accounts payables.

Subsequent measurement of financial liabilities

i) Accounts payables

Accounts payables are obligations to pay for services that have been acquired in the ordinary course of business from vendors. Accounts payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of activities.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(n) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses should be recognized in statement of activities. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income and presented in the fair value reserve in equity is transferred to statement of activities/deficit or surplus. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in statement of activities/deficit or surplus. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

(o) Unrestricted fund

Unrestricted funds are funds that are neither restricted funds nor endowment funds. They form part of net assets of CODE that is neither permanently restricted nor temporarily restricted by the donor-imposed specifications.

3 Use of estimates, judgements and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about assumption and estimate uncertainties that have significant risk of resulting in material adjustment in the year ending are as follows:

Going concern

CODE's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in operation for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Organisation's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**CONNECTED DEVELOPMENT
NOTES ON THE ACCOUNTS
For The Year Ended 31st December, 2018**

4 Intangible assets

Mainly consisting of software, artworks and licences, and CODE do not have licences on artworks and software yet.

5 PROPERTY, PLANT AND EQUIPMENT

	OFFICE EQUIPMENT N	COMPUTER & ACCESSORIES N	FURNITURE & FITTINGS N	PLANT & MACHINERY N	TOTAL N
COST/EVALUATION					
At 1/1/2018	4,656,154.16	3,493,501.00	10,356,750.00	3,881,585.36	22,387,990.52
Additions during the year	250,000.00	550,000.00	-	-	800,000.00
Disposals	-	-	-	-	-
At 31/12/2018	4,906,154.16	4,043,501.00	10,356,750.00	3,881,585.36	23,187,990.52
DEPRECIATION					
At 1/1/2017	1,829,387.06	317,591.00	1,702,750.00	133,847.77	3,983,575.83
Charge for the year	931,230.83	873,375.25	1,035,675.00	388,158.54	3,228,439.62
Additions during the year	4,166.67	34,375.00	-	-	38,541.67
Disposals during the year	-	-	-	-	-
At 31/12/2017	2,764,784.56	1,225,341.25	2,738,425.00	522,006.31	7,250,557.11
CARRYING AMOUNT					
As At 31st December, 2018	3,970,756.66	3,135,750.75	9,321,075.00	3,493,426.82	19,921,009.24
As At 31st December, 2017	4,656,154.16	3,493,501.00	10,356,750.00	3,881,585.36	22,387,990.52

6 FINANCIAL ASSETS

Financial assets consist primarily of bank deposits, loans, investments and other financial assets.

CODE has only its bank deposits as assets, as it has not acquired or taken any loan.

7 INVENTORIES

CODE does not have office inventories

8 INCOME	2018	2017
GRANTS RECEIVED:	N	N
Indigo Trust UK	16,482,510.00	13,467,376.00
Stanford University	-	-
Heinrich Boell Foundation	-	-
Open Knowledge International	-	-
Omidyar Network	30,500,000.00	72,482,000.00
McArthur	30,500,000.00	54,361,500.00
European Union	-	-
Oxfam	47,710,274.70	-
Global right	-	-
ONE Campaign	-	38,467,647.00
Global Green grant	-	-
OSIWA	-	30,221,370.00
OGP Payment	-	-
International Centre for Journalists	-	-
Other Inome	6,155,285.21	12,631,500.00
Centre for democracy & development	-	200,000.00
	131,348,069.91	221,831,393.00

Please note that variation in total income between the audited and unaudited account is as a result of intra account transfers which was included as part of income in the latter.

**ACCOUNTS RECEIVABLES AND
9 PREPAYMENTS**

	2018	2017
	N	N
Other Receivables	52,666,858.87	48,540,599.38
Legal Service	-	400,000.00
Advances to staff	1,500,000.00	-
PAYE Prepayments	212,879.00	
Other receivables from EIE	281,500.00	-
Less: Allowance for impairment of receivables	- 52,666,858.87	
At the end of the year	<u>1,994,379.00</u>	<u>48,940,599.38</u>

A total of N52.66m is irrecoverable and therefore written off in accordance with IFRS 9 which became practicable with effect from 1/1/2018.

10 CASH AND CASH EQUIVALENTS

For the purpose of Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalent at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the statement of financial positions as follows:

	2018	2017
	N	N
Cash in Bank:		
GTB One Campaign	986,566.58	4,427,543.94
GTB OPS	8,332.87	4,417,458.07
GTB GBP	15,864.75	1,466.52
GTB EURO	146,455.00	-
GTB USD	149,425.60	1,791,071.02
GTB USD Card	305.00	448.88
GTB Main	109,337.35	8,051,204.57
GTB Omidiyar Network	79,549.22	19,397.78
GTB HBF	8,293.65	772,671.48
GTB Donor funded projects	16,365,994.07	7,372,104.52
Zenith Savings Account	27,463.63	-
Zenith - Community Park	1,216,540.38	-
Zenith -Oxfam	11,517,579.29	-
GTB Payroll	114,222.16	158,217.78
Cash in the office (Petty cash)	-	238,510.00
Cash with project coordinators	-	1,116,450.00
As per statement of financial position	<u>30,745,929.55</u>	<u>28,366,544.56</u>

11 ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses are composed of amounts owed to suppliers, employees, payments for government bills and tax authorities.

The details of the accounts payable and accrued expenses are disclosed below:

	2018	2017
	N	N
Employee benefits	-	-
Withholding tax on rent	-	429,000.00
Withholding tax on Audit fees	-	25,000.00
Withholding tax on Legal retainership	-	40,000.00
Accrued PAYE Taxes	-	547,551.24
Total	-	1,041,551.24

12 DEFERRED INCOME:

	2018	2017
	N	N
Unspent donor funds		12,039,160.29
Deferred Income on Public grants	-	-
Deferred Income on Private grants	-	-
Other deferred income	-	-
Total	-	12,039,160.29

13 ACCUMULATED FUND

The adjustment of N48.940 million represents irrecoverable amount from total receivables which had been included in the previous year's accumulated fund.

	N
At the beginning of the year	86,214,419.93
Addition during the year	19,113,756.73
Balance before adjusting for impairment of receivables	105,328,176.66
Less: Impairment of recivables	- 52,666,858.87
At the end of the year	52,661,317.79

14 CONTRIBUTIONS RECEIVABLE

CODE does not have outstanding commitment from any private organization

15 OTHER RECEIVABLES

Other receivables mainly relate to services provided and goods sold to other organizations.

16 OTHER INCOME:

	2018	2017
	N	N
Interest on fixed deposit accounts	-	-
Community Park Income	1,454,600.72	-
Donations/Partnership	4,700,684.49	-
Equipments & Services sold to other organisations	-	12,631,500.00
As per Statement of Financial Activities	6,155,285.21	12,631,500.00

17 FUNCTIONAL EXPENSES

	2018	2017
	N	N
Administrative & Management Expenses:		
Nature of Expenses:		
Personnel Cost	20,376,453.81	23,054,134.13
Travel and transportation- domestic	640,800.00	9,512,500.00
Travelling & transportation-International	1,525,000.00	4,565,000.00
Office Expenses	806,000.00	17,608,800.00
Communications	388,571.00	3,654,363.39
Professional/Audit fees	500,000.00	500,000.00
Media Consultancy	-	1,744,000.00
Water & Electricity	151,000.00	1,455,000.00
Legal Fees	-	800,000.00
Staff Medicals	776,333.33	
Trade mark expenses	140,000.00	
Office rent	3,900,000.00	4,290,000.00
Technology Cost	913,809.26	7,700,068.54
Bank Charges	1,003,349.86	1,271,948.08
CAC Annual returns filing	110,000.00	-
Community Park Expenses	1,728,059.62	
PAYE & Withholding tax	1,777,177.58	1,041,551.24
Other Office Expenses	1,100,372.00	1,897,513.21
Staff Pension Contribution	1,017,410.83	
Depreciation and Amortisation	3,266,981.29	3,983,575.83
As per Statement of Financial Activities	40,121,318.58	83,078,454.42

18 PROGRAMME EXPENSES/PROJECT MISSIONS

	2018	2017
	N	N
Programme Personnel Cost	12,936,039.66	12,029,427.34
Travelling	11,085,426.17	10,058,438.17
Catering, Feeding & Entertainment	221,500.00	8,548,965.00
Communications	6,021,000.00	8,107,490.00
Events	29,158,599.92	11,210,677.62
Hotel & Accommodation	2,060,280.65	5,895,991.51
Marketing & Collateral	10,130,148.20	9,645,345.94
Total	71,612,994.60	65,496,335.58

	2018	2017
	N	N
19. Operating surplus/(deficit) before working capital changes		
Excess/(deficiency) of revenue over expenses	19,113,756.73	60,293,810.00
20. CHANGES IN WORKING CAPITAL ITEMS:		
	2018	2017
	N	N
Decrease in Accounts payables	-	- 458,448.76
Increase in prepayments	-	- 400,000.00
Increase in accounts receivables	-	- 30,779,810.13
	<u>-</u>	<u>- 31,638,258.89</u>

	2017	2018
	N	N
Receipt of restricted funds subject to conditions that mean that they cannot be spent in the reporting period		

21. PROGRAMME MEETINGS

For her projects, CODE organizes stakeholders meetings in every community it works in. These meetings involve key stakeholders – beneficiaries, their focus groups, the media, other local NGOs, concerned government institutions and other policy makers.

22. PROGRAMME LOCAL SUPPORT

For projects carried out by CODE, it relies on adhoc local support for its community engagements. Local support includes a project assistant, community liaison, and other volunteers within and outside the target communities.

23. COMMUNITY OUTREACH

CODE develops community outreach programmes in form of focus group discussions. Most times it has become a key part of our “ground-truthing” activities. This includes on-site check of infrastructures, focus group discussions with community groups that exist within the community.

25. FUNDRAISING

Fundraising expenses represent the costs incurred for raising funds from all possible sources of income, be they private or public institutions. As a note, CODE will not continue to fundraise from public institutions anymore.

26. MANAGEMENT AND GENERAL ADMINISTRATION

Management and general administration expenses consist primarily of expenses associated with office management, office financial and human resources management, internal communication and the associative life of the organisation