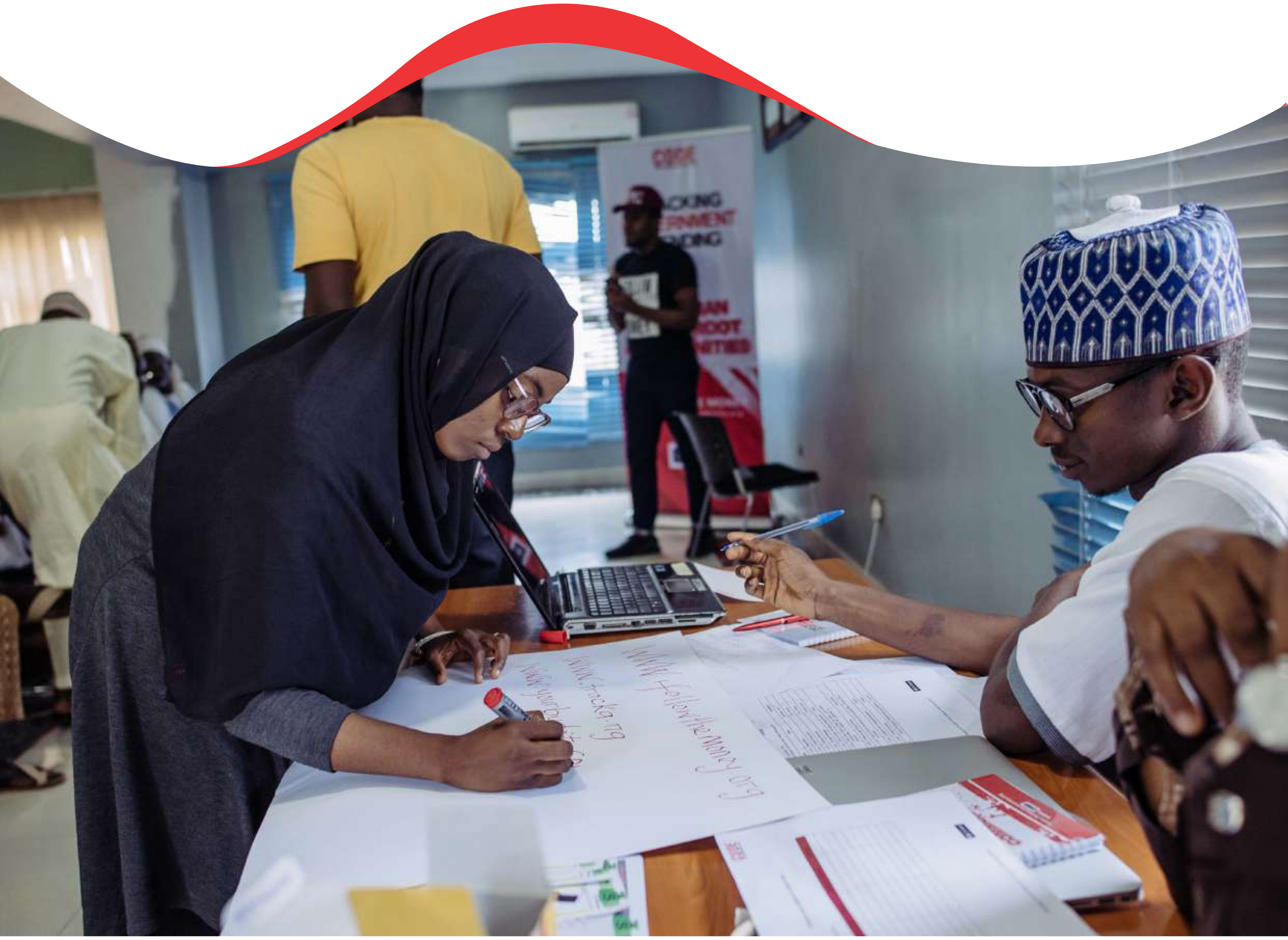
2020 Financial Report



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Connected Development Initiative

Financial statements
for the year ended December 31, 2020
Together with Trustees' and Independent Auditors' Reports

Contents

Corporate Information

Company registration number	CAC/IT/NO 66312
Legal entity	Connected Development Initiative
Country of incorporation and domicile	Nigeria
Nature of business and principal activities	To empower people in marginalized communities to hold their government accountable for improved service delivery.
Trustees	Hamzat Bala Lawal Oludotun Babayemi Anthony Agbor Hosanna Athena Fox
Registered office	Bassan Plaza, Plot 759 3rd Floor, D Wing Central Business District Abuja
Auditors	Pedabo Audit Services 67 Norman Williams Street Ikoyi Lagos Nigeria Signing Partner: Ajibade Taofeek Fashina www.pedabo.com
Bankers	Guaranty Trust Bank Plc Zenith Bank Plc

Trustees' Report

The Trustees presents their report on the affairs of Connected Development Initiative ("the Organization"), together with the financial statements and independent auditor's report for the year ended December 31, 2020.

1. Legal framework

The Organization was incorporated on December 2013 and commenced activities on the same day.

The Organization is domiciled in Nigeria where it is incorporated as a trust under the Companies and Allied Matters Act, 2020.

2. Nature of business

The principal activity of the Organization is to empower people in marginalized communities to hold their government accountable for improved service delivery.

There have been no material changes to the nature of the Organization's activity from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020. Additional information required by national regulations is included where appropriate. The accounting policies have been applied consistently compared to the prior year.

	2020 N'000	2019 N'000
Income	524,758	112,135
Surplus/(Deficit)	263,204	(78,922)

4. Trustees

The Trustees in office at the date of this report are as follows:

Trustees	Office	Designation
Hamzat Bala Lawal	Trustee	Executive
Oludotun Babayemi	Trustee	Executive
Anthony Agbor	Trustee	Executive
Hosanna Athena Fox	Trustee	Executive

5. Trustees' interests in contracts

In accordance with Section 303 of the Companies and Allied Matters Act 2020, none of the Trustees of the Organization had direct or indirect interests in the contracts or proposed contracts with the Organization during the year under review.

6. Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Organization as at December 31, 2020.

7. Impact of the pandemic (COVID-19)

While Connected Development Initiative (CODE) managed to adapt to the new context by accelerating their digitization and adopting new ways of working, the COVID-19 pandemic presented a range of challenges to other organizations' operational capacities, forcing them to close, scale back and adapt their programmes. The organization effectively transitioned to online platforms, reporting an increase in outreach and participation, however it seems that this greater reliance on digital connectivity came with a cost: a lower impact and capacity to influence.

The organization did not face a massive drop in its revenues at the outbreak of the crisis, which shows the year was better than expected. Some donors lifted restrictions on their funding while some re-adjusted their fundings as a result of the pandemic.

8. Going concern

The Trustees believe that the Organization has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Trustees have satisfied themselves that the Organization is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Trustees are not aware of any new material changes that may adversely impact the Organization.

9. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Organization or in the policy regarding their use.

Information relating to changes in property, plant and equipment is disclosed in Note 3 to the financial statements.

10. Employment and employees

a) Employee consultation and training
The Organization places considerable value on the involvement of its employees in major policy matters and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Organization. This is achieved through regular meetings with employees and consultations with their representatives.

b) Dissemination of information
In order to maintain shared perception of our goals, the Organization is committed to communicating information to employees in a fast and effective manner. This is considered critical to the maintenance of team spirit and high employee morale.

c) Employment of physically challenged persons.
The Organization has no physically challenged persons in its employment. However, the Organization's employment policy does not discriminate against any individual for reason of his/her infirmity as each employment case is purely treated on merit.

d) Employee health, safety and welfare
The Organization has a well established Environmental Health and Safety (EH&S) management system, which formalises EH&S processes, procedures and programmes and provides for integration of EH&S issues into business planning and operations.

Trustees' Report

11. Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act, 2020 the auditors Messrs Pedabo Audit Services, have indicated their willingness to continue in office as auditors of the Company.

By Order of the Board of Trustees

Nnanna Oketa
Organization Secretary
8...October, 2021

Trustees' Responsibilities and Approval

The Trustees accept responsibility for the preparation of the annual financial statements set out on pages 9 to 27 that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and in the manner required by the Companies and Allied Matters Act as issued by the International Accounting Standard Board (IASB) and the Financial Reporting Council of Nigeria Act, 2011.

The Trustees further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act 2020 and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Trustees have made an assessment of the Organization's ability to continue as a going concern and have no reason to believe the Organization will not remain a going concern in the year ahead.

Signed on behalf of the Board of Trustees By:

Anthony Agbor
Trustee
8..October, 2021

Hamzat Lawal
Trustee
8.October, 2021

To the members of Connected Development Initiative

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Connected Development Initiative (the Organization) set out on pages 9 to 27, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Trustees are responsible for the other information. The other information comprises the Trustees' report as required by the Companies and Allied Matters Act, 2020, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

Morison KSi
Independent member

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Pedabo Audit Services
Partners:
A.T. FASHINA A.O. FOLORUNSHO K.I. KHANOBA

Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 requires that in carrying out our audit, we consider and report to you on the following matters

We confirm that:

- 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.
- the Organization has kept proper books of accounts so far as it appears from our examination of those books and we have received proper returns adeqaute for the purpose of our audit.
- the Organization's Statement of Financial Position and Statement of Income and Expenditure are in agreement with the books of account.

Ajibade Taofeek Fashina
For: Pedabo Audit Services
FRC/2013/ICAN/00000000904
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
1144370

11 October, 2021

Statement of Financial Position as at December 31, 2020

	Note(s)	2020 N'000	2019 N'000
Assets			
Non-Current Assets			
Property, plant and equipment	3	62,121	24,222
Current Assets			
Other receivables	4	43,863	720
Cash and cash equivalents	5	182,896	107,197
		226,759	**107,917**
Total Assets		**288,880**	**132,139**
Equity and Liabilities			
Equity			
Accumulated funds		236,941	(26,260)
Current Liabilities			
Deferred income	6	35,580	153,847
Other liability	7	16,359	4,552
		51,939	**158,399**
Total Equity and Liabilities		**288,880**	**132,139**

The financial statements and the notes on page 9 to 27, were approved by the Trustees on .8.. October, 2021 and were signed on its behalf by:

Anthony Agbor
Trustee

Hamzat Lawal
Trustee

Statement of Comprehensive Income

	Note(s)	2020 N'000	2019 N'000
Income	8	524,758	112,135
Project expenses	9	(181,697)	(115,620)
Other income	10	3,995	-
Other operating expenses	11	(83,852)	(75,437)
Surplus/(Deficit) for the year		**263,204**	**(78,922)**

Statement of Changes in Fund

	Accumulated funds N'000	Total Fund N'000
Balance at January 1, 2019	**52,662**	**52,662**
Loss for the year	(78,922)	(78,922)
Other comprehensive income	-	-
Total comprehensive Loss for the year	**(78,922)**	**(78,922)**
Balance at January 1, 2020	**(26,263)**	**(26,263)**
Profit for the year	263,204	263,204
Other comprehensive income	-	-
Total comprehensive income for the year	**263,204**	**263,204**
Balance at December 31, 2020	**236,941**	**236,941**

Statement of Cash Flows

	Note(s)	2020 N'000	2019 N'000
Cash flows from operating activities			
Surplus/(Deficit) before taxation		263,204	(78,922)
Adjustments for:			
Depreciation		7,033	3,213
Changes in working capital:			
Other receivables		(43,143)	1,272
Deferred income		(118,267)	153,847
Movement on other liabilities		11,804	4,552
Cash generated from operations		**120,631**	**83,962**
Tax paid		-	-
Net cash from operating activities		**120,631**	**83,962**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(44,932)	(7,513)
Net cash used in investing activities		**(44,932)**	**(7,513)**
Cash flows from financing activities			
		-	-
Net cash from financing activities		**-**	**-**
Total cash movement for the year		**75,699**	**76,449**
Cash at the beginning of the year		107,197	30,748
Total cash at end of the year	5	**182,896**	**107,197**

Notes to the Financial Statements

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies and Allied Matters Act, 2020.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Naira, which is the Organization's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the Organization holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Organization, and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Organization and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Notes to the Financial Statements

1.3 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Organization. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	4 years

The depreciation charge for each year is recognised in statement of income and expenditure unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in statement of income and expenditure when the item is derecognised.

1.4 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Organization's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Notes to the Financial Statements

1.5 Revenue from contracts with customers

The Organization recognises revenue from donations from sponsors.

Donations are recognised when there is reasonable assurance that:

(i) the Organization would comply with the conditions attached to them; and
(ii) the donations are received.

1.6 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Organization receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Organization determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of income and expenditure in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in statement of income and expenditure, any exchange component of that gain or loss is recognised in statement of income and expenditure.

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

1.7 Cash and cash equivalent

Cash and cash equivalents include cash balances with financial institution which are subject to an insignificant risk of change in value.

1.8 Deferred income

This represents amount for unfulfilled conditions and other contingencies attaching to donations and grants received from institutions.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
These amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relation is affected if the reform gives rise to uncertainties about the timing and of amount of benchmark-based cashflows of the hedged item or the hedging instrument. These amendments had no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

b) Amendments to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the company.

c) Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

2. New Standards and Interpretations (continued)

2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for the short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to specify the requirements for classifying liabilities as current or non- current.
The amendment clarifies the following:

• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2. New Standards and Interpretations (continued)

IAS 37 – Onerous Contracts – Cost of fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Reference to conceptual framework- Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential day 2 gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

3. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N	N	N	N	N	N
Plant and machinery	4,015	(1,273)	2,742	4,015	(871)	3,144
Furniture and fixtures	13,093	(4,922)	8,171	12,060	(3,671)	8,389
Motor vehicles	5,000	(1,458)	3,542	5,000	(208)	4,792
Office equipment	47,835	(5,719)	42,116	6,736	(3,559)	3,177
IT equipment	9,674	(4,124)	5,550	6,875	(2,155)	4,720
Total	**79,617**	**(17,496)**	**62,121**	**34,686**	**(10,464)**	**24,222**

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
	N'000	N'000	N'000	N'000
Plant and machinery	3,144	-	(402)	2,742
Furniture and fixtures	8,389	1,034	(1,252)	8,171
Motor vehicles	4,792	-	(1,250)	3,542
Office equipment	3,177	41,099	(2,160)	42,116
IT equipment	4,720	2,799	(1,969)	5,550
	24,222	**44,932**	**(7,033)**	**62,121**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
	N'000	N'000	N'000	N'000
Plant and machinery	3,493	-	(349)	3,144
Furniture and fixtures	9,322	-	(933)	8,389
Motor vehicles	-	5,000	(208)	4,792
Office equipment	3,971	-	(794)	3,177
IT equipment	3,136	2,513	(929)	4,720
	19,922	**7,513**	**(3,213)**	**24,222**

4. Other receivables

	2020	2019
	N'000	N'000
Deposit for assets (Note 4a)	39,696	-
Staff advance	1,250	507
Prepayment (Note 4b)	2,917	213
	43,863	**720**

4a. This represents payment made by the organization for property, plant and equipment which were yet to be delivered as at the year end.

4b. This represents prepaid rent as at the year end.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020	2019
Cash on hand	-	400
Bank balances	182,896	106,797
	182,896	**107,197**

Notes to the Financial Statements

6. Deferred income

	2020 N'000	2019 N'000
Non-current liabilities	-	-
Current liabilities	35,580	153,847
	35,580	**153,847**
Opening balance	153,847	-
Income received for the year	406,491	265,982
Income earned for the year	(524,758)	(112,135)
	35,580	**153,847**
The Ford Foundation	28,500	-
ChristianAid	7,080	-
Omidyar Network Fund	-	35,850
Action Aid	-	6,141
Oxfam	-	73,798
Research Triangle Institute	-	8,810
Open Society Initiative for West Africa	-	5,348
John D. and Catherine T MacArthur Foundation	-	23,900
	35,580	**153,847**

7. Other liability

	2020 N'000	2019 N'000
Accrued expenses	3,175	1,075
Pay as you earn payable	4,780	1,548
ITF & NSITF payable	1,079	352
Withholding tax payable	1,577	1,577
Trustee current account	4,046	-
Pension payable	1,702	-
	16,359	**4,552**

Notes to the Financial Statements

		2020 N'000	2019 N'000
8.	**Income**		
	Grants	524,758	112,135
	Canadian High Commission	8,267	-
	John D. and Catherine T MacArthur Foundation	99,900	19,841
	Oxford Community for Farming Relief (OXFAM)	73,797	12,300
	Open Society Initiative for West Africa	5,348	22,599
	Water Aid Nigeria	-	4,823
	Community park	-	11,270
	The Ford Foundation	9,500	3,042
	Action Aid	24,773	12,283
	Malala	31,388	176
	Global Alliance for Improved Nutrition	-	4,433
	Research Triangle Institute	32,845	1,762
	Nigeria Health Watch	-	1,419
	LITE SACE Project	-	262
	BudgIT	75,810	-
	Christian Aid	7,080	-
	Oxfam Novib	36,121	-
	Luminate	111,850	17,925
	Heinrich-Boll-Stiftung (HBF)	5,162	-
	Others	2,917	-
		524,758	**112,135**
9.	**Project expense**		
	FTM Programs and Meetings	181,697	115,620
	Progam personnel cost	55,791	31,538
	Travelling	19,444	26,319
	Entertainment	6,952	302
	Communications	22,540	5,398
	Events	47,443	32,638
	Hotel and Accomodation	17,790	4,644
	Marketing and collateral	11,737	14,781
		181,697	**115,620**
10.	**Other operating income**		
	Foreign exchange gain	3,995	-

Notes to the Financial Statements

	2020 N'000	2019 N'000
11. Other operating expenses		
Advertising	-	922
Auditors remuneration	1,075	1,075
Bank charges	1,176	360
Exchange loss	-	2,865
Consulting and professional fees	1,663	6,687
Office expenses	1,631	3,423
Depreciation	7,033	3,213
Employee costs (Note 12)	50,171	19,572
Entertainment	552	1,205
Donations	550	-
Volunteers fee	1,727	-
Tax expense	4,218	-
IT expenses	6,775	1,453
Rentals	796	9,645
Utility expense	732	209
Printing and stationery	384	2,439
Promotions	3,088	831
Repairs and maintenance	427	23
Staff welfare	500	3,192
Training	-	4,742
Delivery expense	-	1,068
Transportation	1,354	11,513
Travelling and accomodation	-	1,000
	83,852	**75,437**
12. Employee costs		
Staff salary	30,927	8,765
Medical expenses	3,024	1,319
Other payroll levies	9,320	5,388
Fringe benefit	6,900	4,100
	50,171	**19,572**
Average number of persons employed during the year		
Administration	8	5
Site	22	15
	30	**20**

Notes to the Financial Statements

		2020 N'000	2019 N'000

12. Employee costs (continued)

The table shows the number of employees whose earnings during the year fell within the ranges shown below:

	2020	2019
N0 - N600,000	-	5
N600,001 - N1,200,000	18	5
N1,200,001 - N2,000,000	4	3
N2,000,001 - above	8	7
	30	**20**

13. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the organization to continue as a going concern is dependent on a number of factors. The most significant of these is that the trustees continue to procure funding for the ongoing operations for the organization.

14. Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Organization as at December 31, 2020 and surplus attributable to trustees on that date other than as disclosed in the financial statements

15. Financial instruments and risk management

Categories of financial instruments

Capital risk management

The organization's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the organization's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

	Note	2020	2019
Cash and cash equivalents	5	(182,896)	(107,197)
Accumulated funds		236,945	(26,258)
Gearing ratio		(77)%	408 %

Financial risk management

15. Financial instruments and risk management (continued)

Overview

The organization is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

The board of trustees has overall responsibility for the establishment and oversight of the organization's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the organization's risk management policies. The committee reports quarterly to the board of trustees on its activities.

The organization's risk management policies are established to identify and analyse the risks faced by the organization, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the organizations's activities.

Credit risk

Credit risk is the risk of financial loss to the organization if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The organization is exposed to credit risk on loans receivable, debt instruments at fair value through other comprehensive income, other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The organizatoion only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

15. Financial instruments and risk management (continued)

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2020			2019		
		Gross carrying amount	Credit loss allowance	Fair value	Gross carrying amount	Credit loss allowance	Fair value
Trade and other receivables	4	43,863	-	43,863	720	-	720
Cash and cash equivalents	5	182,896	-	182,896	107,197	-	107,197
		226,759	**-**	**226,759**	**107,917**	**-**	**107,917**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

15. Financial instruments and risk management (continued)

Liquidity risk

The organization is exposed to liquidity risk, which is the risk that the organization will encounter difficulties in meeting its obligations as they become due.

The organization manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Foreign currency risk

The organization is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the organization deals primarily are US Dollars and Euros.

The organization has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the organization's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. Interest rates on all borrowings compare favourably with those rates available in the market.

The company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

16. Contigencies

The solicitors have confirmed that the Organization did not have any pending legal cases as at 31 December 2020. The Trustees are not aware of any other pending or threatened claims and litigations, or any other contingent liability.

Notes to the Financial Statements

17. Impact of the pandemic (COVID-19)

While Connected Development Initiative (CODE) managed to adapt to the new context by accelerating their digitization and adopting new ways of working, the COVID-19 pandemic presented a range of challenges to other organizations' operational capacities, forcing them to close, scale back and adapt their programmes. The company effectively transitioned to online platforms, reporting an increase in outreach and participation, however it seems that this greater reliance on digital connectivity came with a cost: a lower impact and capacity to influence.

The organization did not face a massive drop in its revenues at the outbreak of the crisis, which shows the year was better than expected. Some donors lifted restrictions on their funding while some re-adjusted their fundings as a result of the pandemic.

Value Added Statement

	2020 N'000	2020 %	2019 N'000	2019 %

"Value added" is the measure of wealth the Company has created in its operations by "adding value" to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the Company for the replacement of assets and the further development of operations.

	2020 N'000	2020 %	2019 N'000	2019 %
Value Added				
Value added by operating activities				
Donation	524,758		112,135	
Operating expenses	(208,345)		(168,272)	
Other operating income	3,995		-	
	320,408	**100**	**(56,137)**	**100**
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	50,171		19,572	
	50,171	**16**	**19,572**	**(35)**
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	7,033		3,213	
	7,033	**2**	**3,213**	**(6)**
Value retained				
Surplus/(Deficit)	263,206		(78,919)	
	263,206	**82**	**(78,919)**	**141**
Total Value Distributed	**320,410**	**100**	**(56,134)**	**100**

Value added represents the additional wealth which the Company has been able to create by its own and employees efforts.

Five Year Financial Summary

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Statement of Financial Position					
Assets					
Non-current assets	62,121	24,222	19,922	22,388	2,358
Current assets	226,759	107,917	32,741	76,907	82,707
Total assets	**288,880**	**132,139**	**52,663**	**99,295**	**85,065**
Liabilities					
Current liabilities	62,216	158,403	-	13,081	23,943
Equity					
Accumulated funds	226,664	(26,264)	52,663	86,214	61,122
Total equity and liabilities	**288,880**	**132,139**	**52,663**	**99,295**	**85,065**
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	524,758	112,135	125,193	196,237	54,050
Project expense	(181,697)	(115,620)	(71,613)	-	-
Other operating income	3,995	-	6,155	12,632	7,072
Other operating expenses	(83,852)	(75,437)	(40,621)	(148,575)	(39,537)
Surplus/(Deficit)	**263,204**	**(78,922)**	**19,114**	**60,294**	**21,585**

CODE
connecteddevelopment.org

OUR COMMITMENT TO GRASSROOTS

OUR VISION

We envision a world where all people – even in the most remote areas of the globe – can hold their government accountable.

OUR MISSION

To empower marginalized communities.

OUR OBJECTIVES

- Increase people's access to information through whatever technological means they choose.
- Increase and share innovative approaches to information exchange through experimentation, research, and technology.
- Develop innovative platforms for coverage of social, environmental and governance issues.
- Increase the adoption and implementation of international development laws and policies.

From activist to trainers, trainers to mobilizers, mobilizers to community builders.
We see the need to make governments accountable, and we do it by engaging them with verifiable facts.

HQ Office: 3rd floor, D-Wing,10th Street,
Bassan Plaza , Central Area,
Abuja Nigeria.

FTM Country Chapters:
Nigeria | Cameroon | Kenya | Cape Verde | Uganda
Malawi | Liberia | Gambia | Zimbabwe | Ethiopia