

2016

FINANCIAL REPORT

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CONNECTED DEVELOPMENT INITIATIVE

CAC/IT/NO 66312

AUDITED FINANCIAL STATEMENT

FOR THE YEAR ENDED

31ST DECEMBER, 2016

AUDITORS:

ICH-DIEN: AUDIT (CHARTERED ACCOUNTANTS)
NO. D04C, PEACE PARK PLAZA,
OBAFEMI AWOLOWO WAY,
UTAKO, ABUJA
TEL: 08036312295

**CONNECTED DEVELOPMENT INITIATIVE
REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016.**

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CONNECTED DEVELOPMENT INITIATIVE

CORPORATE INFORMATION

BOARD OF TRUSTEES:

Hamzat Bala Lawal
Oludotun Babayemi
Anthony Agbor Odo
Hossana Athena Fox

REGISTERED OFFICE:

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

BANKERS

Guaranty Trust Bank Plc

AUDITORS:

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

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

	2016 N	2015 N
Income	60,535,016.20	60,220,000
Excess/ (Deficit) of Income Over Expenditure	<u>10,805,609.93</u>	<u>15,115,000</u>

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31ST DECEMBER 2016.**


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 2016. 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


.....
Finance Director


.....
Chief Operating Officer

May 2018

**CONNECTED DEVELOPMENT INITIATIVE
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2016**

This report presents Connected Development's Financial Statements for the year ended 31 December 2016.

These Financial Statements are a means of transparency and accountability, illustrating the financial situation of the organisation as a whole. They have been prepared in accordance with the accounting policies set out in Note 2.1 to the Financial Statements.

CODE offers assistance to marginalized communities based on need and irrespective of race, religion, gender or political affiliation. We work to save lives, alleviate suffering, encourage citizen participation, restore dignity and improve livelihoods. Our actions are guided by professional ethics and the principles of neutrality and impartiality. In order to be able to access and assist people in need, our operational policies must be scrupulously independent of government influence, just as they must be independent of the influence of religious and economic powers. We conduct our own assessments, manage our projects directly, and monitor the impact of our assistance. We do not accept funds from governments or other parties who are directly involved in the projects to which CODE is responding. We rely on the generosity of private organizations for the majority of our funding. This year more than 427 volunteers were left on field assignments to join 8 core staff to work in 36 states of Nigeria.

CODE is constantly seeking to improve the quality, relevance and effectiveness of its projects, and is dedicated to the pursuit of innovation. Since 2012, our Follow The Money project has had direct impact on 115,000 lives in rural communities – mobilizing them to engage their government to provide boreholes, teaching aid, and health facilities. Our monthly media reach has gone up to 1.2 million monthly, while our followers on Twitter just exceeded 15,000. We are currently experimenting a knowledge exchange platform for our community members to share knowledge and report Follow The Money activities in real time.

GOVERNANCE STRUCTURE

CODE is a non-profit, self-governed organisation. It is a movement whose office is based in Nigeria. CODE was registered in Nigeria in December 2013. The Board of Trustees is the highest authority of CODE. It is composed of Hamzat Bala Lawal, Oludotun Babayemi, Anthony Agbor and Hossana

Fox. It is responsible for safeguarding CODE's project mission, and providing strategic orientation to all CODE project. The Board prepares and presents the combined Financial Statements.

OUR MISSION

To empower marginalized communities.

OUR VISION

We envision a world where all people – even in the most remote areas of Africa will be able to hold their government accountable.

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 governance issues.
- Increase the adoption and implementation of international development laws and policies.
- Empower youths by offering training and support to youth interested in using innovative ideas to improve the development index of their society.

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



Oludotun Babayemi,
(Board of Trustees)



BRANCH OFFICE: No. D04c, Peace Park Plaza, Obafemi Awolowo Way, Utako-Abuja.

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BN: 0w006917

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 2016, 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 2016, and its financial performance and cashflows 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.



ICH-DIEN: *Audit*

Chartered Accountants & Corporate Advisors

HEAD OFFICE
ICH-DIEN HOUSE,
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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
May, 2018.



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

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST DECEMBER, 2016**

NON CURRENT ASSETS	Notes	2016 NGN	2015 NGN
Intangible Assets	4	-	-
Property, Plant & Equipment	5	5,131,114.58	2,258,000.00
Financial Assets: Investments		-	-
Sub-total non-current assets		5,131,114.58	2,258,000.00
CURRENT ASSETS:			
Inventories	7	-	-
Accounts receivables	9	40,899,521.35	37,000,000.00
Contributions receivable		-	-
Other receivables		-	23,220,000.00
Cash & Cash Equivalent	10	25,141,984.00	15,115,000.00
Sub-total Current Assets		66,041,505.35	75,335,000.00
Total Assets		71,172,619.93	77,593,000.00
LIABILITIES:			
Non- Current Liabilities:			
Bank overdraft			
Account Payables	11	1,500,000.00	2,258,000.00
Deferred Income	12	21,585,010.00	15,115,000.00
Provision for grants payable		8,026,714.58	-
Sub total current liabilities		31,111,724.58	17,373,000.00
NON CURRENT LIABILITIES			
Bank Loan		-	-
Long-term employees benefit obligations		9,215,000.00	-
Provision for multi year grants payable		4,925,285.42	-
Sub-total non-current liabilities		14,140,285.42	-
Total liabilities		45,252,010.00	17,373,000.00
ACCUMULATED FUND AND LIABILITIES			
Accumulated Fund		25,920,609.93	60,220,000.00
Total Accumulated Fund & Liabilities		71,172,619.93	77,593,000.00

.....
Chief Executive Officer

.....
Finance Director

.....
Chief Operating Officer

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF FINANCIAL ACTIVITIES FOR
THE YEAR ENDED 31ST DECEMBER, 2016**

	NOTES	2016 N	2015 N
Income:			
Grants from Individuals		-	-
Grants from Private Institutions	8	53,463,286.20	37,000,000.00
Private Income		53,463,286.20	37,000,000.00
Public Institution Income		-	-
Other Income	15	7,071,730.00	23,220,000.00
Total Income		60,535,016.20	60,220,000.00
Expenditure:			
Programmes or meetings	17	5,325,720.00	4,200,000.00
Programme Support	17	4,948,221.27	3,200,000.00
Community Outreach	17	18,893,507.00	20,000,000.00
Project Missions		29,167,448.27	27,400,000.00
Fundraising		-	-
Management and General Administration	16	19,155,727.00	16,567,000.00
Tax and Deductions	16	1,406,231.00	1,138,000.00
Other Expenses		20,561,958.00	17,705,000.00
Total Expenditure		49,729,406.27	45,105,000.00
Surplus/Deficit for the year		10,805,609.93	15,115,000.00
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		10,805,609.93	15,115,000.00

**CONNECTED DEVELOPMENT INITIATIVE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	RESTRICTED FUND	UNRESTRICTED FUND	TOTAL ACCUMULATED FUND
	N	N	N
As at 1st January 2016	-	15,115,000.00	15,115,000.00
			-
Total Comprehensive income for the year	7,023,646.45	3,781,963.48	10,805,609.93
			-
As at 31st December 2016	7,023,646.45	18,896,963.48	25,920,609.93
At 1st January 2015	57,030,180.00	3,189,820.00	60,220,000.00
			-
Total Comprehensive Income for the year	9,824,750.00	5,290,250.00	15,115,000.00
			-
As at 31st December 2015	66,854,930.00	8,480,070.00	75,335,000.00

**CONNECTED DEVELOPMENT
STATEMENT OF CASHFLOW FOR THE
YEAR ENDED 31ST DECEMBER 2016**

	Notes	2016 N	2015 N
Cash flows from operating activities:			
Surplus	18	10,805,609.93	15,115,000.00
Adjustment for Non Cash Items			
Depreciation	5	1,124,778.64	197,000.00
Net cash provided by (used in) operating activities Before working capital items		11,930,388.57	15,312,000.00
Changes in Working Capital Items			
Account Payables	19	- 758,000.00	- 1,243,000.00
Account Receivables	19	- 3,899,521.35	- 27,045,180.00
Inventory		-	-
Prepayments		-	-
Cash generated from operating activities		7,272,867.22	- 12,976,180.00
Tax Paid (PAYE & WHT)	-	1,406,231.00	- 1,138,000.00
Net Cash from operating activities		5,866,636.22	- 14,114,180.00
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	-
Proceeds from the sale of property, plant and equipment		355,000.00	13,220,000.00
Purchase of property, plant and equipment	-	4,070,893.22	-
Proceeds from sale of investments		-	-
Purchase of investments		-	-
Net cash provided by (used in) investing activities	-	3,715,893.22	9,786,350.00
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	20	6,470,010.00	15,115,000.00
Net cash provided by (used in) financing activities		6,470,010.00	15,115,000.00
Change in cash and cash equivalents in the reporting period		10,026,984.00	11,925,170.00
Cash and cash equivalents at the beginning of the reporting period		15,115,000.00	3,189,830.00
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period		25,141,984.00	15,115,000.00

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 Life	Rate of Depreciation
Office equipment	5 years	20%
Furniture & fittings	10 years	10%

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. The recoverable 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 various other 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, 2016

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	FURNITURE & FITTINGS N	TOTAL N
COST/VALUATION			
At 1/1/2016	1,058,000.00	1,200,000.00	2,258,000.00
Additions during the year	1,750,893.22	2,320,000.00	4,070,893.22
Disposals	- 355,000.00	- -	355,000.00
At 31/12/2016	2,453,893.22	3,520,000.00	5,973,893.22
DEPRECIATION			
At 1/1/2016	82,000.00	200,000.00	282,000.00
Charge for the year	490,778.64	352,000.00	842,778.64
Additions during the year	-	-	-
Disposals during the year	-	-	-
At 31/12/2016	572,778.64	552,000.00	1,124,778.64
CARRYING AMOUNT			
As At 31st December, 2016	1,963,114.58	3,168,000.00	5,131,114.58
As At 31st December, 2015	1,058,000.00	1,200,000.00	2,258,000.00

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

GRANTS RECEIVED:

	2016 N	2015 N
Indigo Trust UK	15,834,746.20	5,000,000.00
Stanford University	1,450,000.00	-
Heinrich Boell Foundation	4,530,000.00	5,800,000.00
Open Knowledge International	2,459,200.00	1,000,000.00
Omidyar Network	-	20,000,000.00
European Union	19,999,797.80	5,200,000.00
Global right	164,500.00	-
ONE Campaign	6,486,430.00	-
Global Green grant	1,160,000.00	-
OGP Payment	580,000.00	-
International Centre for Journalists	598,612.20	-
Centre for democracy & development	200,000.00	-
	53,463,286.20	37,000,000.00

9 ACCOUNTS RECEIVABLES

	2016 N	2015 N
Other Receivables	8,215,000.00	23,220,000.00
Advances to staff	5,785,000.00	-
Other grants receivable	26,899,521.35	-
	40,899,521.35	23,220,000.00

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:

	2016 N	2015 N
Cash in Bank	23,065,747.13	15,115,000.00
Cash in the office	55,125.00	-
Cash with project coordinators	2,021,111.87	-
As per statement of financial position	25,141,984.00	15,115,000.00

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:

	2016	2015
	N	N
Employee benefits	882,500.00	1,665,500.00
Accrued Taxes	617,500.00	592,500.00
Total	1,500,000.00	2,258,000.00

12 DEFERRED INCOME:

	2016	2015
	N	N
Unspent donor funds	21,585,010.00	15,115,000.00
Deferred Income on Public grants	-	-
Deferred Income on Private grants	-	-
Other deferred income	-	-
Total	21,585,010.00	15,115,000.00

13 CONTRIBUTIONS RECEIVABLE

CODE does not have outstanding commitment from any private organization

14 OTHER RECEIVABLES

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

15 OTHER INCOME:

	2016	2015
	N	N
Interest on fixed deposit accounts	-	-
Equipments & Services sold to other organisations	7,071,730.00	23,220,000.00
As per Statement of Financial Activities	7,071,730.00	23,220,000.00

16 FUNCTIONAL EXPENSES

Nature of Expenses:	2016	2015
	N	N
Personnel Cost	6,369,650.00	8,000,000.00
Travel and transportation- domestic	1,829,109.00	1,300,000.00
Travelling & transportation-International	2,672,055.06	-
Office Expenses	2,555,237.00	2,495,000.00
Communications	983,448.00	900,000.00
Professional/Audit fees	1,371,224.00	850,000.00
Office rent	1,200,000.00	1,200,000.00
Technology Cost	2,242,161.00	2,150,000.00
Bank Charges	214,295.30	180,000.00
Others	-	433,000.00
Depreciation and amortisation	1,124,778.64	197,000.00
As per Statement of Financial Activities	20,561,958.00	17,705,000.00

17 **PROGRAMME EXPENSES/PROJECT MISSIONS**

	2016	2015
	N	N
Programme Personnel Cost	3,774,328.00	2,750,000.00
Travelling	5,853,470.73	5,788,956.00
Catering	3,067,762.00	2,479,500.00
Communications	3,012,414.27	3,987,550.00
Events	4,658,396.00	4,121,988.00
Accommodation	3,710,100.00	2,619,006.00
Marketing & Collateral	5,090,977.27	5,653,000.00
Total	29,167,448.27	27,400,000.00

	2016	2015
	N	N
18 Operating surplus/(deficit) before working capital changes		
Excess/(deficiency) of revenue over expenses	10,805,609.93	15,115,000.00

19 **CHANGES IN WORKING CAPITAL ITEMS:**

	2016	2015
	N	N
Decrease in Accounts payables	- 758,000.00	- 1,243,000.00
Increase in accounts receivables	- 3,899,521.35	- 27,045,180.00
	- 4,657,521.35	- 28,288,180.00

	2016	2015
	N	N
20 Receipt of restricted funds subject to conditions that mean that they cannot be spent in the reporting period	6,470,010.00	15,115,000.00

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 ad hoc 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.

24 **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.

25 **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.