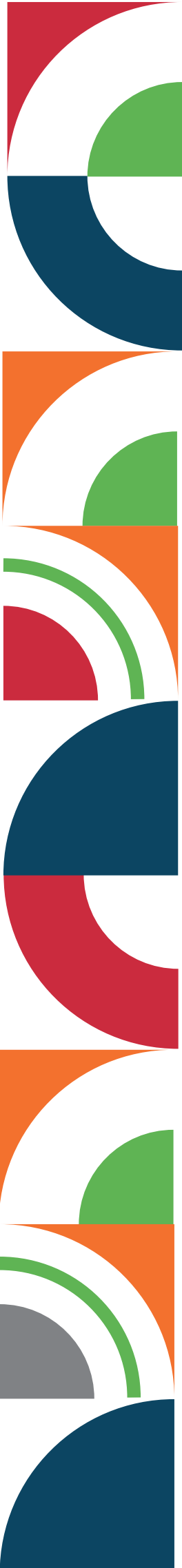




PAL NETWORK
People's Action for Learning

FINANCIAL STATEMENTS 2022



Office location

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Organisation information

Board members

1. Ariel Fiszbein- chairperson
2. John Mugo- Secretary
3. Sinaba Massaman- Treasurer
4. Sara Ruto- Member
5. Rose Mwaura- Member
6. Baela Raza Jamil- Member
7. Maria Fernanda Farinha- Member

Senior management

1. Almando Ali- CEO
2. Rajarshi Singh- Director of Programmes
3. Ezekiel Sikutwa- Finance & Admin Manager

Audit & Risk Committee

1. Sinaba Massaman- Chairperson
2. Baela Raza Jamil- Member
3. Rose Mwaura- Member

Governance & Programs committee

1. John Mugo-Chairperson
2. Fernanda Farinha- Member
3. Sara Ruto- Member

Report of the management

The Board of Directors submit their annual report and the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the organisation.

Registration

The organisation is registered in Kenya under the Non-Governmental organisation Coordination Act and is domiciled in Kenya.

Organisation and nature of activities

The People's Action for Learning (PAL Network) is a south-south partnership of countries working across three continents to assess basic reading and numeracy competencies. Member countries conduct citizen-led assessments and/or citizen led actions aimed at improving learning outcomes.

Vision

A world where all children have a foundation for lifelong learning.

Results

The results for the year are set out on page 4.

Management

The management who served during the year are set out on page 1.

Independent auditor

The company's auditor, Messrs Kiige & Associates, Certified Public Accountants have expressed their willingness to continue in office in accordance with the NGO Act.

By order of the Board

(For and on its behalf)



Board Chair

Nairobi 25th February, 2023

Statement of management's responsibilities

The Board is required to prepare financial statements which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the organisation's operating results for that year.

The board is also required to ensure the organisation maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the organisation. Management is also responsible for safeguarding the assets of the organisation.

The Board accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted non-profit accounting principles and applicable international financial reporting standards.

The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation as at 31 December, 2022 and its operating results for the year then ended. Management further confirm the accuracy and completeness of the accounting records maintained by the Organisation which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal controls.

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

Approved on, 2023 and signed by:



ARMANDO ALI
Chief Executive Officer



DR. ARIEL FISZBEIN
Board Chair



SINABA MASSAMAN
Board Treasurer

Fund accountability statement

Grant Income	2022 KES	2022 USD	2021 KES	2021 USD
Hewlett Foundation	-	-	58,910,012	520,655
Wellsprings Philanthropic Fund (WPF)	23,694,428	191,959	10,955,602	96,827
Foreign Commonwealth & Development Office (FCDO)	37,683,519	305,290	18,734,815	165,581
PAL Partners Contributions for Specific Joint Activities	-	-	600,000	5,303
The Institute African Studies Centre of Leiden University	-	-	7,457,203	65,908
International Development Research Centre (IDRC)	53,198,100	430,981	41,972,060	370,955
Schwab Charitable Fund	34,537,883	279,806	21,989,021	194,342
Raising Voices	-	-	1,649,077	14,575
Bill & Melinda Gates Foundation	28,723,277	232,700	21,934,191	193,857
Total Grant Income	177,837,207	1,440,736	184,201,983	1,628,003
Other Incomes	2022 KES	2022 USD	2021 KES	2021 USD
Interest Income	3,057,796	24,773	192,248	1,699
Other Revenue	3,114,112	25,229	-	-
Bank revaluations	3,141,185	25,448	5,480,089	48,434
	9,313,093	75,449	5,672,337	50,133
Total Income	187,150,299	1,516,185	189,874,320	1,678,136
Programs Expenditure	2022 KES	2022 USD	2021 KES	2021 USD
Assessment	75,179,617	609,062	15,806,466	139,700
Advocacy	18,402,109	149,083	8,957,603	79,169
Action	11,476,879	92,979	13,872,204	122,604
Governance	12,250,217	99,244	7,606,134	67,224
Monitoring and Evaluation	28,257,106	228,923	12,824,952	113,349
Program personnel salaries & benefits	62,454,677	505,972	77,010,983	680,634
Program administration cost	8,710,059	70,564	8,376,962	74,037
Total Programs Expenditure	216,730,663	1,755,828	144,455,303	1,276,716
Other Expenses				
Depreciation	620,035	5,023	771,526	6,819
Foreign currency gains and losses	59,755	484	594,954	5,258
Asset disposal	(77,862)	(631)	165,693	-
	601,928	4,876	1,532,173	12,077
Total Expenditure	217,332,591	1,760,705	145,987,476	1,288,793
Fund balance for the year	(30,182,291)	(244,520)	43,886,844	389,342
Add: Balance B/F	172,017,495	1,607,974	128,130,651	1,218,632
Net Balance c/f	141,835,203	1,363,455	172,017,495	1,607,974

Statement of financial position

Fixed Assets	2022 KES	2022 USD	2021 KES	2021 USD
Property, plant and equipment	1,335,362	10,818	1,594,249	14,090
Total Fixed Assets	1,335,362	10,818	1,594,249	14,090
Current Assets	2022 KES	2022 USD	2021 KES	2021 USD
Cash and cash equivalents	135,950,957	1,101,397	128,766,165	1,138,053
Accounts receivable	11,394,420	92,311	55,512,162	490,624
Total Current Assets	147,345,377	1,193,708	184,278,326	1,628,678
Less: Current Liabilities	2022 KES	2022 USD	2021 KES	2021 USD
Accounts payable	6,845,536	55,459	16,537,505	146,161
Net current assets	140,499,841	1,138,250	167,740,822	1,482,517
Net Assets	141,835,203	1,149,068	169,335,071	1,496,607
Represented by:	2022 KES	2022 USD	2021 KES	2021 USD
Funds balance	141,835,203	1,149,068	169,335,071	1,496,607
Total funds	141,835,203	1,149,068	169,335,071	1,496,607

Statement of changes in funds

Year ended 31st December, 2021	General Funds (KES)	Total (KES)
As at 1 st January 2021	124,510,070	124,510,070
Balance for the year	43,886,844	43,886,844
As at 31 st December 2021	168,396,914	168,396,914
Year ended 31st December, 2022	General Funds (KES)	Total (KES)
As at 1 st January 2022	168,396,914	168,396,914
Exchange Revaluations	3,620,581	3,620,581
Balance for the year	(30,182,292)	(30,182,292)
As at 31 st December 2022	141,835,203	141,835,203
Fund Movements	General Funds (USD)	Total (USD)
Year ended 31 st December, 2021		
As at 1 st January 2021	1,108,729	1,108,729
Balance for the year	387,878	387,878
As at 31 st December 2021	1,496,608	1,496,608
Year ended 31st December, 2022	General Funds (USD)	Total (USD)
As at 1 st January 2022	1,364,256	1,364,256
Balance for the year	(244,520)	(244,520)
As at 31 st December 2022	1,149,068	1,149,068

Statement of cash flows

Cash flows from operating activities	2022 KES	2022 USD	2021 KES	2021 USD
Balance for the year	(30,182,291)	(244,520)	43,886,844	387,878
Adjustments for:	2022 KES	2022 USD	2021 KES	2021 USD
Depreciation Charge	620,035	5,023	771,526	6,819
Accumulated Dep Disposal			165,93	1,464
Revaluation of forex	1,178,223			
Changes in working capital	2022 KES	2022 USD	2021 KES	2021 USD
Decrease (increase) in trade and other receivables	45,621,941	357,417	(52,826,872)	(466,891)
Increase (decrease) in trade payables	(9,691,969)	(78,519)	7,549,526	66,724
Net cash used for operating activities	7,545,939	39,401	484,874	4,285
Cash flows from investing activities	2022 KES	2022 USD	2021 KES	2021 USD
Purchase of assets	(385,000)	(3,119)	(546,537)	(4,830)
Asset			(80,000)	(707)
Proceeds of computer compensation	23,853	193	42,337	374
Net cash used in investing activities	(361,147)	(2,926)	(584,200)	(5,163)
Decrease in cash and cash equivalents	<u>7,184,792</u>	<u>36,476</u>	<u>(99,326)</u>	<u>(878)</u>
Movement in cash and cash equivalents	2022 KES	2022 USD	2021 KES	2021 USD
Cash and cash equivalents at start of year	128,766,165	1,138,053	128,865,491	1,138,931
Decrease in cash and cash equivalents	7,184,792	36,476	(99,326)	(878)
Cash and cash equivalents at end of year	135,950,957	1,174,529	128,766,165	1,138,053

Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation: The organisation prepares its financial statements under the historical cost convention. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out herein.

Foreign currencies: The books of account are maintained in Kshs as the base currency. Transactions in currencies other than the Kshs are converted into the base currency (Ksh) using monthly exchange rates sourced from Xe. Foreign currency monetary assets and liabilities held at the date of the statement of financial position are translated into the base currency using Xe ruling at that date. The resulting exchange differences are recognised in the statement of comprehensive income.

Income: Revenue consists mainly donor funds meant for various activities undertaken by the organisation. Revenue is recognised in the books of the organisation when it is actually received.

Expenditure recognition: Expenditure is recognised when payments are made. However, accruals are made for expenses that have been incurred but have not been paid as at the date of the financial position.

Intercompany: This relates to amount paid by Zizi Afrique Foundation and Zizi Afrique Limited on behalf of PAL Network.

Fixed assets: Capitalization of assets takes place when the benefits of the expenditure are expected to extend over a period beyond one year and cost more than KES10,000 or the equivalent foreign currency. The assets will be held as fixed assets on the balance sheet and charged proportionately to expenditure over the expected useful life of the assets. The depreciation are as follows:

Asset class	Rate (%)
Furniture and Fittings	12.5
Computers and Printers	33.3
Motor Vehicles	25
Other equipment and tools	25

Cash and cash equivalents: Cash and cash equivalents comprise bank balances, cash and deposits held with the bank.

Trade and other receivables: Receivables are stated at nominal value less write downs for any amounts expected to be irrecoverable.

Trade and other payables: Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Comparatives: Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Year ended 2022 (KES)

Cost	Computers KES	Equipment KES	Furniture & Fittings KES	Total KES
1 st January 2022	4,126,079	187,418	90,000	4,403,497
Additions	340,000	-	45,000	385,000
Disposal	(300,000)	-	-	(300,000)
31 st December 2022	4,166,079	187,418	135,000	4,488,497

Accumulated depreciation

1 st January 2022	2,636,407	119,866	52,974	2,809,247
Disposal dep	(276,147)	-	-	(276,147)
Annual depreciation	601,338	10,253	8,444	620,035
31 st December 2022	2,961,598	130,119	61,418	3,153,135

Carrying amount

31 st December 2022	1,204,481	57,299	73,582	1,335,362
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Year ended 2022 (USD)

Cost	Computers USD	Equipment USD	Furniture & Fittings USD	Total USD
1 st January 2022	33,427	1,518	729	35,674
Additions	2,754	-	365	3,119
Disposal	(2,430)	-	-	(2,430)
31 st December 2022	33,751	1,518	1,094	36,364

Accumulated depreciation

1 st January 2022	21,359	971	429	22,759
Disposal dep	(2,237)			(2,237)
Annual depreciation	4,872	83	68	5,023
31 st December 2022	23,993	1,054	498	25,545

Carrying amount

31 st December 2022	9,758	464	596	10,819
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Cash and cash equivalents	2022 KES	2022 USD	2021 KES	2021 USD
Stanbic KES Account	45,439,131	368,122	40,392,951	356,999
Stanbic USD Account	27,051,498	219,156	81,247,552	718,077
Stanbic GBP Account	8,289,639	-	847,079	7,487
Stanbic Credit card	(237,606)	(1,925)	237,770	2,101
Mpesa Account	310,595	2,516	469,880	4,153
Reserve Account	110,491	895	5,567,491	49,206
Petty Cash	-	-	3,441	30
Victoria Bank Fixed Deposit	54,987,208	445,475	-	-
	135,950,957	1,034,239	128,766,165	1,138,053

Accounts receivable	2022 KES	2022 USD	2021 KES	2021 USD
Receivables	429,702	3,481	-	-
Sub-grant to members	10,964,718	88,830	55,518,040	490,676
Staff imprest	-	-	(5,878)	(52)
	11,394,420	92,311	55,512,162	490,624

Accounts payable	2022 KES	2022 USD	2021 KES	2021 USD
Accounts payable	1,561,625	12,651	-	-
Audit fees	408,225	3,608	532,800	4,709
Accruals	4,465,741	39,469	15,526,914	137,229
Other payables	409,945	3,321	477,791	4,223
	6,845,536	59,049	16,537,505	146,161

Presentation currency: The financial statements are presented in Kenya Shillings (KES) for the purposes of local statutory reporting.

Taxation: Provision for corporate tax has been made in these financial statements for surplus income from interest income and other revenue. The organization qualifies for exemption from Kenyan corporate tax under the provisions of paragraph 10 of the first schedule to the Income Tax Act, Cap 470 (Laws of Kenya).

Other Income	KES
Bank interest income	3,057,796
Other revenue	3,114,112
Total other income	6,171,908
Related expenditure	2,584,330
Surplus	3,587,578
Corporate tax @ 30%	1,076,273

Staff retirement benefits scheme: Staff members contribute to the National Social Security Fund (NSSF) of the Republic of Kenya. The rate of contribution per staff member is pegged by statute at the lower of 5% of the basic salary and a maximum contribution of Kshs 1,080/= per month. The employer, PAL Networks, makes a matching contribution to the NSSF scheme each month for each employee.

Capital commitments: There were no capital commitments as at 31, December 2022

Employees: Employees as at 31st December, 2022 were (12).

Fund balances for the year 2022

Restricted Grants (Donor Name)	Bal B/F KES	Received KES	Spent KES	Fund Bal as at Dec, 2022 KES
Hewlett Foundation	34,638,664		28,719,332	5,919,332
Wellsprings Philanthropic Fund (WPF)	8,457,722	23,694,428	23,737,277	8,414,873
Foreign Commonwealth & Development Office (FCDO)	21,377,130	37,683,519	52,422,084	6,638,565
The Institute African Studies Center of Leiden University	1,856,598		878,299	978,299
International Development Research Centre (IDRC)	27,293,648	53,198,100	47,364,928	33,126,822
Schwab Charitable Fund	12,882,363	34,537,883	38,563,100	8,857,146
Bill & Melinda Gates Foundation	9,235,324	28,723,277	23,867,420	14,091,181
Total Restricted		177,837,207	215,552,440	78,026,218
Unrestricted grants				63,808,985
Total Fund Balance		177,837,207	215,552,440	141,835,203



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