



PAL NETWORK

People's Action for Learning

2018

Annual Report and Financial Statements



PAL NETWORK
People's Action for Learning

ANNUAL REPORT AND FINANCIAL STATEMENTS | 2018

Our Vision

A world where all children acquire the foundational skills that allow them to thrive.

Our Mission

To bring learning and measurement to the centre of educational policy and practice.



Our Principles

- A. We generate responses from the global south that are appropriate for our shared contexts and issues, communicating and sharing our results regularly and learning from each other.
- B. We monitor and evaluate our assessments and actions in order to learn from our mistakes and take decisions based on evidence.
- C. We freely share our tools and methods with partners, volunteers, and other organizations.



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ORGANIZATION INFORMATION

Board Members of the PAL Network

Name	Function
Dr. Suman Bhattacharjea	Chairperson
Dr. Sara Ruto	Secretary
Sinaba Massaman	Treasurer
Dr. Emmanuel Manyasa	Board Member
Dr. John Mugo	Board Member

Registered Office

Le Mac Building | 1st Floor Suite 1,
Off Church Road | Westlands,
P.O Box 6183 – 00100,
Nairobi, Kenya.

PAL Network Contacts

Tel: +254 734 620 181
E-mail: info@palnetwork.org
Website: www.palnetwork.org

Auditors

Otieno & Associates
Certified Public Accountants (K)
P.O Box 67289-00200,
Nairobi, Kenya.

Principal Bankers

Stanbic Bank Kenya Limited
Waiyaki Way Branch
P.O Box 30550-00100,
Nairobi, Kenya.

NOTICE OF THE ANNUAL GENERAL MEETING (AGM) 2018

Notice

Notice is hereby given that the **1st Ordinary Annual General Meeting** of the PAL Network will be held in **Nairobi, Kenya on Thursday, 7th March 2019** starting at **0900hrs** to transact the following business:

1. Reading the notice convening the Meeting.
2. Confirmation of quorum, and noting apologies if any.
3. Receiving, considering and adopting the organization's Annual Report and audited Financial Statements for the year ended 31st December 2018.
4. Appointment of External Statutory Auditors for PAL Network.
5. Election of two additional directors to the board.
6. Transacting any other business in respect of which due notice has been received.

Please confirm your attendance by March 4, 2018 via e-mail to sruto@palnetwork.org

By the order of the Board



Dr. Sara Ruto,
Board Secretary,
People's Action for Learning Network,
P.O. Box 6183-00100,
Nairobi, Kenya.

BOARD OF DIRECTORS

Composition of the Board

During the period under review, the Board was composed as follows:

*Dr. Suman Bhattacharjea
Chairperson*



Dr. Suman Bhattacharjea serves as the Chair of the PAL Network Board of Directors, and is the Director of Research at ASER Centre, India.

Dr. Sara Ruto serves as Secretary to the Board of Directors, and is the Chief Executive Officer of the PAL Network.



*Dr. Sara Ruto
Secretary/CEO*

*Sinaba Massaman
Treasurer*



Sinaba Massaman serves as the Treasurer of the PAL Network Board of Directors, and is the Director of the Bunko program at 'Œuvre Malienne d'Aide à l'Enfance du Sahel' (OMAES) in Mali.

Dr. Emmanuel Manyasa serves as a Board Member of the PAL Network, and is the Country Manager in Kenya for Twaweza East Africa.



*Dr. Emmanuel Manyasa
Board Member*

*Dr. John Mugo
Board Member*



Dr. John Mugo serves as a Board Member of the PAL Network, and is the Executive Director of the ziziAfrique Foundation.

CHAIRPERSON'S STATEMENT



Dr. Suman Bhattacharjea
Chairperson

Dear PAL Members,

On behalf of the Board of Directors, it gives me great pleasure to present the 2018 PAL Network Annual Report and Financial Statements. I am pleased to be able to report that 2018 was another fruitful year for the organization during which we achieved further growth in our collective reach and influence.

Among our key achievements, PAL Network was officially registered as an NGO in Kenya and subsequently the secretariat expanded to accommodate the growing needs of the network.

The organization delivered on strengthening its arm to generate

quality and robust data, and participated on many different national and international platforms in ongoing discussions of the global learning crisis.

The financial performance is also pleasing given the continued financial sustainability for the Network through diversified funding. The result was successful implementation of various activities as outlined in the network strategy.

I would like to thank all the members, the secretariat team, the Advisory Group, and the Board of Directors for the enormous investment of time, energy and support that enabled 2018 to be a productive year for the network. With your continuing commitment and support, the PAL network will continue to work to influence the ways in which stakeholders think about and act to guarantee not only schooling but also learning, both within each of our countries as well as internationally, to the benefit of children everywhere.

Dr. Suman Bhattacharjea
Chairperson

REPORT OF THE BOARD

Key Achievements

Network Members



Our Story in Numbers



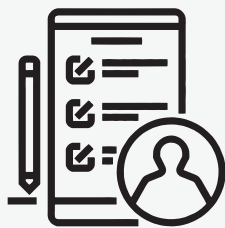
14

Years



3

Continents



52

Assessments



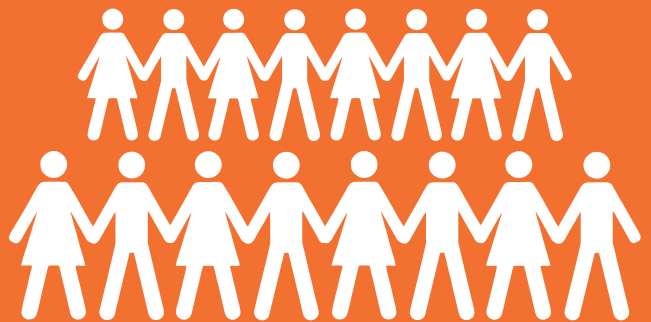
7.5 Million +

Children tested



13

Countries



690,000 +

Volunteers



40 +

Languages

What did we do in 2018?

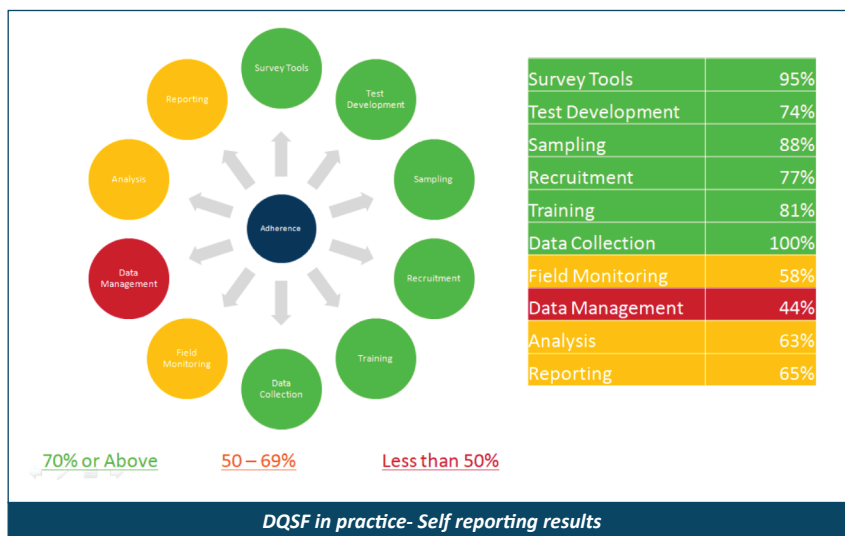
When a problem is identified, when a problem persists, new ideas are needed. The People's Action for Learning (PAL) Network believes that with the driving force of peoples' actions, driven by creativity and conviction, all children can achieve the foundational skills to allow them to thrive. This summary provides key achievements in 2018.

Focus on Data Quality Across the Network

2018 began with PAL Network members affirming their commitment to generating reliable and robust data, by collectively agreeing to the network Data Quality Standards Framework and freely undertaking self-assessment to gauge their adherence to the framework. The framework has and will be critical in ensuring that member countries continue to generate quality data that can be recognized as making an important and robust contribution to understanding learning progress for all children.



Participants during a Data Workshop in Nairobi





PAL Network Fellowship



Two papers accepted for publication from the Fellowship program



One paper accepted for presentation at 2019 CIES conference

Growing the Next Cadre of Leaders: The PAL Network Fellowship Program

In a bid to create a pool of the 'next generation' cohort who are well versed in the Citizen Led Assessment (CLA) approach to advance the work of the network, three research fellows participated in the PAL Research Fellowship Program to generate new insights from existing CLA data. The four-month program saw fellows bolster their ability to conduct independent research, gain further skills in mining multi-country data and build collaboration with staff and members across the network. The fellowship was concluded with three publications.

One of the papers “In which Grade am I? Exploring the age-grade distribution of children enrolled in primary grades across the Global South” has been accepted for presentation in the 2019 CIES conference. The papers will contribute to the existing bank of evidence on learning outcomes and increase network wide visibility at global levels.

Informing Global and National Monitoring Efforts Towards SDG 4

PAL data continues to influence and shape discussions on learning outcomes. The PAL Network is part of UNESCO Institute for Statistics



Mapping existing learning assessments to SDG 4 indicators

SDG 4	Indicator concept	Indicator name	Type of assessment	Assessment	Questionnaire
Global	4.1.1 Learning	Proportion of children and young people (a) in Grade 2 or 3; (b) at the end of primary education; and (c) at the end of lower secondary education achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex	School-based	EGMA/EGRA PASEC PILNA PIRLS PISA SACMEQ TERCE TIMSS	Cognitive test Cognitive test Cognitive test Cognitive test Cognitive test Cognitive test Cognitive test Cognitive test
			Household-based	PAL Network	Cognitive test

Snapshot showing PAL Network data in GAML repository to monitor SDG 4 progress

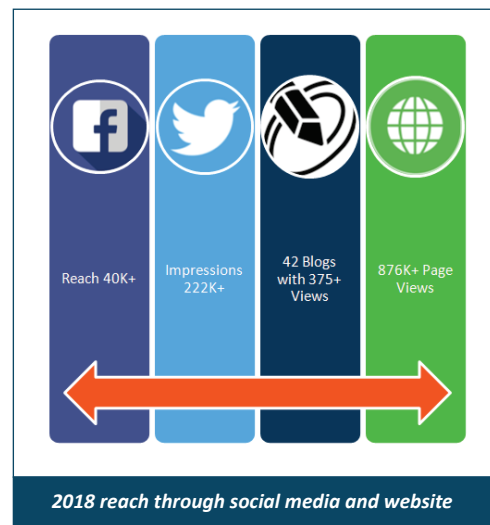
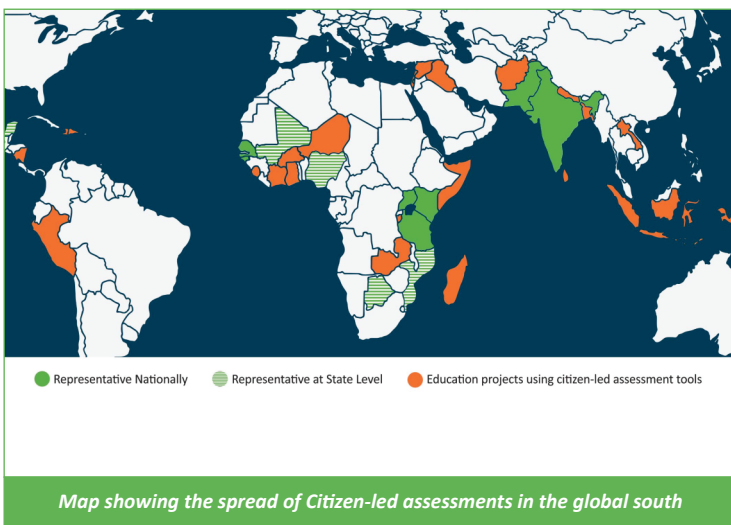
repository learning assessment programs that monitor progress towards achieving Sustainable Development Goal (SDG) 4. PAL members participated in the Global Alliance to Monitor Learning (GAML) and special task force 4.1 and our collective effort contributed to a milestone decision when Indicator 4.1.1a was moved from Tier III to Tier II. Two chapters in the SDG 4 Data Digest which explores internationally-comparable data have been contributed by ASER and Uwezo. All these efforts position PAL Network well to contribute and shape global conversation on evidence-based and contextually relevant solutions from a global south lens. Below are samples of blogs from ASER India and ASER Pakistan.

- a) Focus on our SDG 4 Data Digest Partners: ASER Centre, India Link: <https://sdg.uis.unesco.org/2019/01/16/focus-on-our-sdg-4-data-digest-partners-aser-centre-india/>
- b) In Search of Common Ground for Learning Indicators – From Local to Global: <https://sdg.uis.unesco.org/2018/11/05/in-search-of-common-ground-for-learning-indicators-from-local-to-global/>

- c) How Civil Society Can Supply Rigorous Data for the SDGs: The Citizen-Led Assessment Approach <https://sdg.uis.unesco.org/2018/10/26/how-civil-society-can-supply-rigorous-data-for-the-sdgs-the-citizen-led-assessment-approach/>

The Breadth of the CLA 'Influence'

Assessments and Actions to improve learning for all are an important part of the Network, and as such, a global mapping study conducted by PAL ascertained the influence and reach of the citizen-led approach. The study revealed that more than 80 organizations in 33 countries have used citizen-led assessment tools and data. As we continue to grow, we see new members coming from this group who have identified themselves by choosing our approach. We are further emboldened to continue investing in the PAL Network online platforms <http://www.palnetwork.org>, [@palnetworkHQ](#), PAL Network and Newsletter as the means of increasing awareness and growing visibility and expanding our reach.



Assessment for Action: The Spread of the TaRL Approach to Improve Learning Outcomes

Having been inducted on Pratham's 'Teaching at the Right Level Approach (TaRL)', member countries resolved to adapt the approach to improve learning outcomes. Kenya, Mozambique and Nigeria piloted the approach in their respective countries bringing to a total of six member countries now implementing TaRL.



TaRL-like intervention program being conducted by Young 1ove in Botswana



Research and policy papers from REAL Centre

Citizen-led Action programs such as TaRL have resulted in partnership with the Research for Equitable Access and Learning (REAL) Centre based at the University of Cambridge. REAL Centre was commissioned to conduct a study on PAL Network members' intervention programs and how they fit into their theories of change. The study contributed to development of principles of Actions and two publications Assessment for Action: An Organic, Free-Range Approach to Raising Learning for All and Experiences and lessons of learning intervention programmes across the PAL Network members.

Strengthening and Expanding the Network

In a bid to strengthen existing and new members' knowledge and understanding of conducting citizen-led assessments, four countries namely Nicaragua, Venezuela, El Salvador and Swaziland were inducted on the CLA approach.

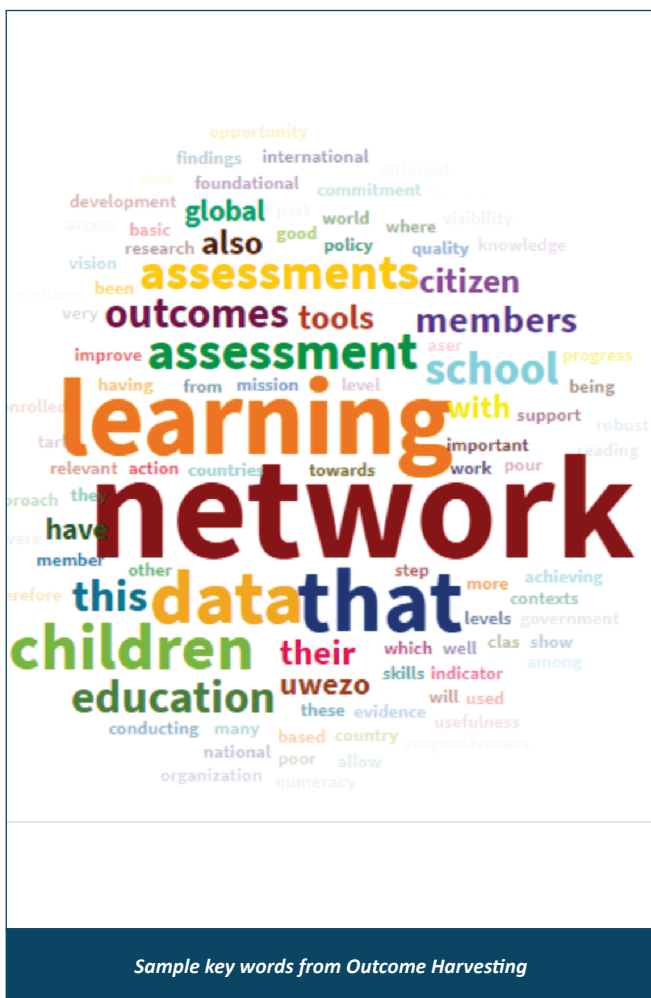
The network has expanded with four members on board i.e. Vida (Nicaragua), ASER Nepal (Nepal), Young 1ove (Botswana) and ziziAfrique (Kenya). Additionally, the network continues to harness the potential of members through regular regional hub meetings where matters of common interest are discussed. Moving forward, regional hubs will act as a footstone for members to strengthen their action programs and also provide an opportunity to learn from other identified actors outside the network who use citizen-led assessment tools for various programs.



Participants during an exposure visit in Mexico

Revamping Monitoring, Evaluation and Learning (MELS)

Monitoring, evaluation and continuous learning are important aspects of the network's work. Members have been learning from each other, sharing and responding to various needs of different member countries. However, monitoring learning intervention programs remains a key challenge for some member countries. To address the challenge, a workshop and brainstorming meeting was held, where the first steps in creating structures for Monitoring, Evaluation, Learning and Sharing (MELS) were taken. Recently, the network tried a new approach to MELS known as Outcome Harvesting in a bid to learn, reflect and chart new directions.



Looking to 2019

PAL Network is proposing to develop and implement a common assessment in a few districts in each member country in 2019. In addition to providing data for cross-country comparisons, this common assessment is expected to bring the member countries closer and would result in adherence to stringent quality standards thereby strengthening the assessment vertical.

We are determined to strengthen our monitoring, learning and sharing posture to track effectiveness of our activities. For members' action intervention programs, we have started brainstorming on appropriate M&E systems that can provide actionable insights to improve processes at local, country and finally at the Network level. In 2019, we intend to consolidate our offerings on learning enhancement programs and present cumulative data on number of children with improved foundational learning levels through our action programs.

2019 is also the last year of PAL Network's current strategy period. In order to envision the new strategy, Outcome Harvesting methodology was selected to look back at the progress and achievements made in the current strategy.

We are hopeful that in 2019 we will be able to strengthen our member-led nature and will meet our collective goals with renewed vigor.

Financial Highlights

PAL Network Funding

2015 to 2018 in USD				
Funding Source	2015	2016	2017	2018
Pratham -USA	\$ 100,000			
The Hewlett Foundation via Hivos	\$ 300,000	\$ 355,000	\$ 1,060,000	\$ 300,000
The Open Society Foundation		\$ 60,000	\$ 60,000	\$ 100,000
Anonymous Donor			\$ 97,000	\$ 97,000
Wellspring Philanthropic Fund			\$ 75,000	\$ 75,000
ESRC Global Challenges Research Fund				\$ 16,618
The Hewlett Foundation*				\$ 300,000
TOTAL	\$ 400,000	\$ 415,000	\$ 1,292,500	\$ 889,118

Summary Budget vs Expenditure

2015 to 2018					
Year	Approved Budget		Actual Expenditure		Variance
	USD	KES	USD	KES	
2015	500,000	49,500,000	343,359	33,992,541	69%
2016	475,000	47,975,000	408,794	41,288,194	86%
2017	1,272,810	127,281,000	921,707	94,620,586	72%
2018	1,122,063	112,206,300	971,858	99,012,840	87%
Total	2,394,873	239,487,300	1,893,565	193,633,426	79%

Summary Expenditure per Outcome Area

2015 to 2018							
		Outcome Area	YEAR 2018	YEAR 2017	YEAR 2016	YEAR 2015	Total
			USD	USD	USD	USD	USD
2017-2019 Strategy	Outcome 1	Network generates good quality data	74,357	51,424	-	-	125,781
	Outcome 2	Advocacy and Global monitoring done	41,087	70,990	-	-	112,077
	Outcome 3	Action taken to improve learning outcomes	119,824	43,974	-	-	163,786
	Outcome 4	Network strengthened	222,824	212,465	-	-	435,289
	Outcome 5	Organizational competence and MEL grown	8,881	-	-	-	13,533
2015-2016 Planning Phase	Outcome 1	Network Expanded and Developed	-	-	94,079	65,848	159,927
	Outcome 2	Fundraising and Coordination	-	-	43,450	83,733	127,183
	Outcome 3	Global advocacy for learning carried out	-	-	36,148	31,115	67,263
	Outcome 4	Experiences, Knowledge and Learning shared	-	-	6,145	11,090	17,235
	Outcome 5	Comparable evidence generated	-	-	1,676	2,009	3,685
	Outcome 6	Staffing and administration costs	504,897	538,183	227,296	149,565	1,419,941
		Total	971,858	921,708	408,794	343,360	2,645,720

ANNUAL FINANCIAL STATEMENTS

The Board of Directors submit this audited financial statements for the year that ended on 31st December 2018, which disclose the state of affairs of the Organization.

Registration

The organization is registered in Kenya under the Non-Governmental Organizations Coordination Act and is domiciled in Kenya. The address of the registered office is as set out on page 1.

Principal Activity

The People's Action for Learning Network (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.

Results

The following donor funds and other incomes were received or earned by the organization from various donors and projects for the purpose of executing the various activities of PAL Network in the period under audit as at 31st December 2018.

Grants and Income Available

	Amount in KShs	Amount in US\$
Total Grants and Other Incomes	104,800,556	1,028,667

For the purpose of reporting in these summaries, an appropriate periodical exchange rate for the dollar over the period has been used.

As at the end of the financial period 31st December 2018, the financial statements indicate total administration and program expenditure as summarized below.

Expenses

	Amount in KShs	Amount in US\$
Total	99,012,840	971,858

For the purpose of reporting in these summaries, an appropriate periodical exchange rate for the dollar over the period has been used.

Operating Results

	As at 31st December 2018	As at 31st December 2018
	KShs	US\$
Net Operating Results Surplus (Deficit)	5,787,715	56,809

The Board

Board members who held office during the year to the date of this report are as set out on page 3.

Auditors

During the year, Otieno & Associates were appointed as the Organization's Auditors and have expressed their willingness to continue in office.

By Order of the Board



Board Chairperson



Board Treasurer



CEO/Board Secretary

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board is required to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the organization and its activities undertaken as at the end of the financial year and of the operating results for the year. The Board is also required to ensure that the organization keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the organization. It is also responsible for safeguarding the assets of the organization.

The Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by various donors. 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 organization and the various projects' operating results. The Board further accepts responsibility for the maintenance of accounting records which have been relied upon in the preparation of financial statements, as well as on the adequacy of the systems of internal financial controls.

The Board have made an assessment of the operations of the PAL Network and subject to receiving financial support from various partners and donors; nothing has come to the attention of the Board to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.



Board Chair.....



Board Treasurer.....

Date..... 27th February 2019.....

REPORT OF THE INDEPENDENT AUDITOR to the Members of People's Action for Learning (PAL) Network

Opinion

We have audited the financial statements of PAL Network set out on pages 17 to 26 which comprise the statement of financial position as at 31st December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the organization's financial position as at 31st December 2018, and of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium sized entities and the requirements of the Kenyan law.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibility 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 PAL Network in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the period. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

The management is responsible for the other information. The other information comprises the report of the management and the financial and statistical information which we obtained prior to the date of this auditor's report and the chairperson's report, supervisory committee report, sustainability report and corporate social investment report, which may be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the information that we obtained prior to the date of this report of the independent auditor, 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.

When we read the other reports expected to be made to us after the date of report of the independent auditor, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those in charge with management.

Responsibilities of the Board for the Financial Statements

The Board is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and medium sized entities and the requirements of the Kenyan Society's Act, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 a report of independent auditor 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 skepticism throughout the audit. We also:

- I. Identify and assess the risk of material misstatement of the financial statements, whether due to error or fraud, 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.
- II. Obtain an understanding of the internal control relevant to the audit 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 PAL Network's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- IV. Conclude on the appropriateness of the Board's 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 report of the independent auditors 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 report of the independent auditor. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- V. 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 those charged with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that were identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our

independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our report of the independent auditor unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Nelson Otieno Aloys P/737.

Otieno & Associates
 Certified Public Accountants (K)
 Nairobi



4th March 2019

FUND ACCOUNTABILITY STATEMENT

for the year ended 31st December 2018

<u>Donor Grants</u>	2018 KShs	2017 KShs	2018 US\$	2017 US\$
Hivos Foundation (Hewlett Grant)	30,345,000	109,690,503	297,850	1,068,504
Hewlett Foundation	30,342,599	-	297,827	-
Open Society Foundation	16,138,379	-	158,406	-
Anonymous Legal Donor	10,496,263	9,421,909	103,026	91,780
Wellsprings Philanthropic Fund	15,106,055	-	148,273	-
PAL Partner Contributions	2,372,259	-	23,285	-
Total Grants & Other Incomes	104,800,556	119,112,412	1,028,667	1,160,284
<u>Programs and Administration Expenses</u>				
Network generates good quality data	7,575,457	5,279,054	74,357	51,424
Advocacy and Global monitoring done	4,185,896	7,287,710	41,087	70,990
Action taken to improve learning outcomes	12,206,477	4,514,280	119,812	43,974
Network strengthened	22,701,262	20,146,412	222,824	196,248
Organizational competence and MEL grown	904,828	479,567	8,881	4,672
Operating Expenses	51,438,920	54,718,386	504,897	533,016
Strategy and Working Groups	-	1,664,777	-	16,217
Registration Options & Documents	-	480,400	-	4,680
Financial Health & Fund Raising	-	50,000	-	487
Total Recurrent Expenses	99,012,840	94,620,586	971,858	921,707
Net Balance/(Deficit) for the Year	5,787,715	24,491,826	56,809	238,577
Add: Balance B/F	27,937,458	3,445,632	274,219	33,564
Net Balance/(Deficit) C/F	33,725,173	27,937,458	331,028	272,141

STATEMENT OF FINANCIAL POSITION

as at 31st December 2018

	Notes	2018 KShs	2017 KShs	2018 US\$	2017 US\$
Property & Equipment	2	740,919	730,507	7,272	7,116
Current Assets					
Accounts Receivable	4	484,841	258,162	4,759	2,515
Cash & Bank Balances		27,906,567	31,722,365	273,916	309,010
		28,391,408	31,980,527	278,675	311,526
Total Assets		29,132,327	32,711,035	285,947	318,642
Financed By: Equity, Project Funds & Reserves					
Funds and Reserves	7	25,854,912	27,937,458	253,778	272,141
Total Funds					
Current Liabilities					
Accounts Payable	6	3,277,414	4,773,577	32,169	46,500
Total Current Liabilities		3,277,414	4,773,577	32,169	46,500
Total Funds and Liabilities		29,132,326	32,711,035	285,947	318,642

These financial statements of the organization were approved by the Board of the organization on 27th February 2019 and signed on its behalf by;



Board Chairperson



Board Treasurer

STATEMENT OF CASH FLOW

for the year ended 31st December 2018

	Notes	2018 KShs	2017 KShs	2018 US\$	2017 US\$
Balance/(Deficit) for the year		5,787,715	24,491,826	56,809	238,577
Depreciation on PPE	2	327,997	550,487	3,219	5,362
Working Capital Changes					
Increase/(Decrease) in Accounts Receivable		(226,699)	(258,162)	(2,225)	(2,515)
Prior year Adjustment		(7,870,261)	-	(77,250)	-
Increase/(Decrease) in Accounts Payable		(1,496,163)	4,773,577	(14,686)	46,500
Total Working Capital Changes		(9,593,124)	4,515,415	(94,161)	43,985
Cash Generated from Operations		(3,477,411)	29,557,728	(34,132)	287,924
Net Cash (Out)In flows		(3,477,411)	29,557,728	(34,132)	287,924
Cash flow from investing activities					
Purchase of fixed assets		(338,388)	(1,280,995)	(3,321)	(12,478)
Net Cash used in Investing Activities		(338,388)	(1,280,995)	(3,321)	(12,478)
Movement in Cash and Cash Equivalents		(3,815,799)	28,276,733	(37,454)	275,446
Beginning Cash & Cash Equivalents		31,722,365	3,445,632	311,370	33,564
Closing Cash & Cash Equivalents		27,906,566	31,722,365	273,916	309,010

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

- a) The accounts have been prepared under historical cost convention modified by revaluation of certain investments and fixed assets. The organization has adopted accrual based accounting policy in relation to donor funds in which income is recognized on receipt and expenses recognised on payment.

However, there are circumstances where accrual basis is applicable, especially with respect interest incomes and some administration costs.

b) Property & Equipment

All property and equipment, mainly office equipment, computers and furniture and fittings is initially recorded at cost and is stated as historical cost less depreciation. Other expenses of capital nature are expensed and treated as capital expenditure costs during the period. At the end of the period the particular asset is dealt with according to the provisions of the contract between the organization and the donor if any. Where there is no provision on how to deal with the asset a decision on how to handle them is reached, usually, the asset in question is capitalized by the organization after a proper valuation and the necessary entries made between the revenue reserves and capital reserves.

c) Depreciation & Amortization

Fixed assets are depreciated on a reducing

balance basis at rates calculated to write them off to their residual values over their expected useful lives. Depreciation expense is dealt with in the respective fixed asset account and in the reserve fund. Intangible assets are amortized at appropriate rate. Depreciation and amortization for the period is apportioned on the number of months as appropriate.

The following rates have been used in depreciating the organization's assets.

Asset Class	Rate
Furniture and Fittings	12.5%
Computers and Printers	33.3%
Equipment	22%

d) Revenue Recognition

Revenue consists mainly of donor funds meant for various activities undertaken by the organization. Revenue is recognized in the books of the organization when it is actually received.

e) Taxation

The organization's activities are fully funded by grants from tax exempt donors and therefore its operating surplus/deficit has not been subjected to income tax and hence no provision has been made for tax.

f) Trade Receivables

Accounts receivable are disclosed in the statement of financial position and the necessary details disclosed in the notes to the financial statements. The trade receivables are carried at an anticipated realisable values.

g) Cash & Cash Equivalents

For purposes of cash flow, cash and cash equivalents comprise of cash in hand and deposits held in bank net of bank overdrafts.

2. Property & Equipment

Cost	Computer KShs	Equipment KShs	Furniture & Fittings KShs	Total KShs
As at 01.01.2018	1,088,837	102,158	90,000	1,280,995
Additions during the year	338,388	-	-	338,388
Additions during the year	1,427,225	102,158	90,000	1,619,383
<u>Depreciation</u>				
As at 01.01.2018	498,092	25,540	26,836	550,467
Charge for the year	300,946	19,155	7,896	327,997
As at 31.12.2018	799,038	44,695	34,732	878,464
Net Book Value 31.12.2018	628,187	57,464	55,269	740,919
Cost	Computer US\$	Equipment US\$	Furniture & Fittings US\$	Total US\$
As at 01.01.2018	10,687	1,003	883	12,574
Additions during the year	3,321	-	-	3,321
Additions during the year	14,009	1,003	883	15,895
<u>Depreciation</u>				
As at 01.01.2018	4,889	251	263	5,403
Charge for the year	2,954	188	77	3,219
As at 31.12.2018	7,843	439	341	8,623
Net Book Value 31.12.2018	6,166	564	542	7,272

3. Currency exchange rates

All foreign donor inflows are denominated in foreign currency on receipt of such inflows. These inflows are converted into local Kenya Shillings using rates existing at the transaction dates.

Expenditure is incurred largely in Kenya Shillings and where the expenditure is incurred in USD or other foreign currencies, the amounts are

translated into Kenya Shillings at the rate ruling at the transaction date since the financial statements are presented in Kenya Shillings.

We have verified on a test basis, that the currency translation has taken place in accordance with the prescribed practice.

4. Receivables & Prepayments

	Kshs 2018	US\$ 2018
Prepayments	240,000	2,356
Receivables	221,614	2,175
Imprest Accounts	23,228	228
Total Receivables & Prepayments	484,841	4,759

5. Cash & Bank Balances

	Kshs 2018	US\$ 2018
Stanbic Bank Kshs Account	13,019,704	127,795
Stanbic Bank USD Account	14,885,938	146,112
Stanbic Bank GBP Account	925	12
Total Cash & Bank Balances	27,906,567	273,919

6. Accruals & Accounts Payables

	Kshs 2018	US\$ 2018
Accounts Payable	360,087	3,534
Audit Fee	290,000	2,846
Accruals	2,627,327	26,168
Total Accruals & Accounts Payables	3,277,414	32,549

7. Funds & Reserves

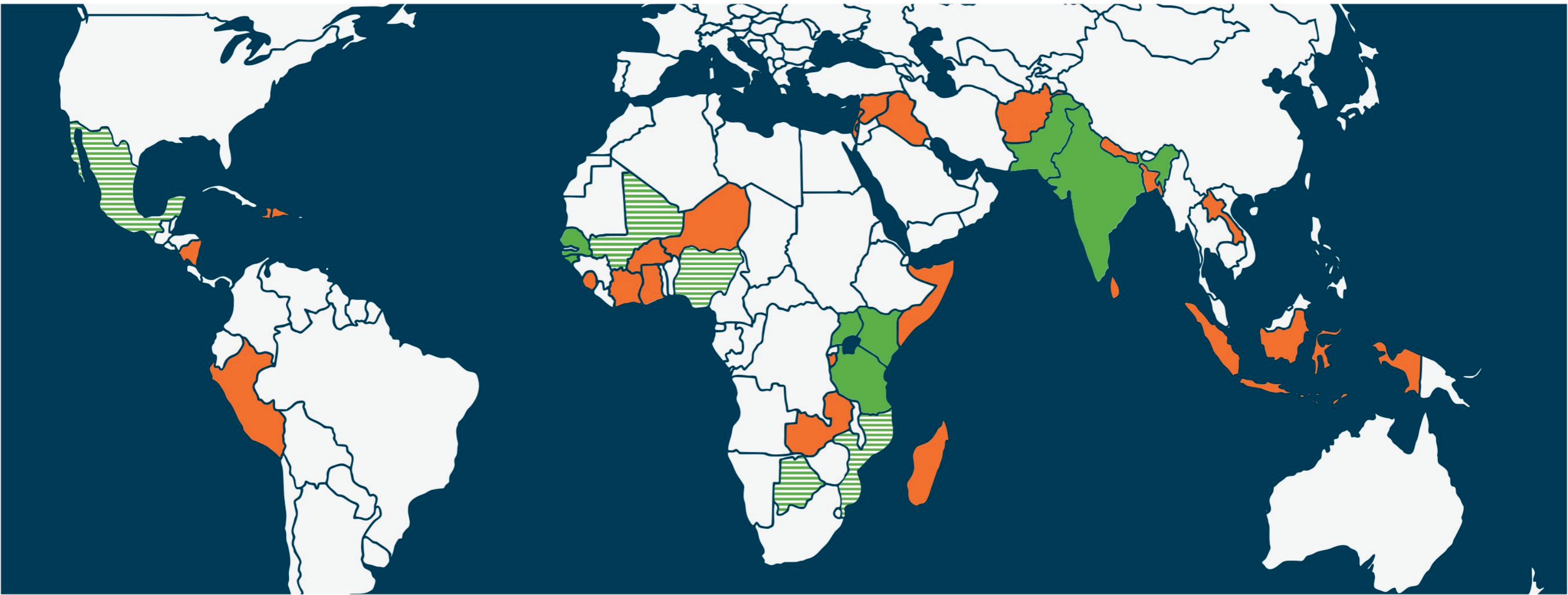
	Kshs 2018	US\$ 2018
Balance Brought Forward	27,937,458	274,219
Prior Adjustment	7,870,261	331,028
Retained Surplus/(Deficit) for the year	5,787,715	56,809
Balance Carried Forward	25,854,912	662,057

Employees

The average number of employees and interns during the period was 8

Registration

People's Action for Learning Network is registered and domiciled in Kenya.



● Representative Nationally

● Representative at State Level

● Education projects using citizen-led assessment tools

 Website: www.palnetwork.org

 You Tube: PAL Network

 Twitter: palnetworkhq

 Instagram: palnetworkhq

 LinkedIn: PAL Network

 Facebook: PAL Network