

**PEOPLE'S ACTION FOR LEARNING (PAL) NETWORK
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Kiige & Associates
Certified Public Accountants (Kenya)
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Organisation information

Board members

Dr. Suman Bhattacharjea - Chairperson
Dr. John Mugo - Secretary
Mr. Sinaba Massaman - Treasurer
Dr. Emmanuel Manyasa - Board member
Dr. Sara Ruto - Board member
Dr. Ariel Fiszbein- Board Member
Ms. Maria Fernanda Farinha - Board Member

Senior management

Armando Ali - CEO
Rajarshi Singh - Director of Programmes
Ezekiel Sikutwa - Finance & Admin Manager

Audit & Risk Committee

Mr. Sinaba Massaman - Chairperson
Dr. Emmanuel Manyasa - Member

Governance & Programmes committee

Dr. John Mugo -Chairperson
Dr. Sara Ruto – Member
Dr. Ariel Fiszbein- Member
Ms. Maria Fernanda Farinha - Member

Office location

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

Independent auditor

Kiige & Associates
Certified Public Accountants
3rd Floor, All Africa Conference of Churches
Waiyaki Way
P.O. Box 104428 – 00101
Nairobi, Kenya

Principal bankers

Stanbic Bank Kenya Limited
Waiyaki Way Branch
P.O Box 30550 - 0000
Nairobi, Kenya.

Victoria Commercial Bank Limited,
Westlands Branch,
P.O Box 41114-00100,
Nairobi, Kenya

Report of the Management

The Board of Directors submit their annual report and the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the organization.

Registration

The organization is registered in Kenya under the Non - Governmental organization Coordination Act and is domiciled in Kenya. The address of the registered office is as set out on page 7.

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 citizen led actions aimed at improving learning outcomes.

Vision

PAL Network vision is a world where all children have a foundation for lifelong learning.

Results

The results for the year are set out on page 7-10.

Management

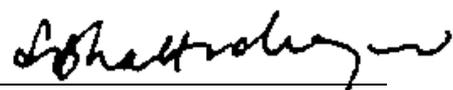
The management who served during the year are set out on page 2.

Independent auditor

Kiige & Associates, Certified Public Accountants were appointed during the year and have expressed willingness to continue in office.

By order of the board

(for and on its behalf)



Board Chair

Nairobi, 28th February 2022.

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.

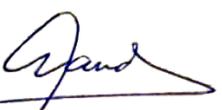
The board is also required to ensure the organisation maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the organisation. Management is also responsible for safeguarding the assets of the organisation.

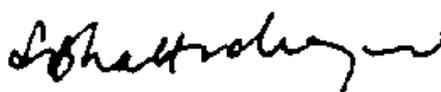
The Board accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted non-profit accounting principles and applicable international financial 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, 2021 and its operating results for the year then ended. Management further confirms 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 28th February 2022 and signed by:



Chief Executive Officer

Board Chair

Board Treasurer

Report of the independent auditor on the financial statements to the management of PAL Network

Opinion

We have audited the accompanying financial statements of PAL Network, set out on pages 6 to 13, which comprise the statement of financial position as at 31 December, 2021, the statement of comprehensive income, the statement of changes in fund balances, the statement of cash flows for the year then ended, and notes, including a summary of statement of accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the organisation as at 31, December 2021 and of its financial performance for the year then ended in accordance with generally accepted non-profit accounting principles and applicable International Financial Reporting Standards (IFRS).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the 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 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.

Responsibilities of management and those charged with governance for the financial

The management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the accounting policies and basis of preparation set out on pages 6 to 8, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

Report of the independent auditor on the financial statements to the management of PAL Network (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- i. identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. obtain an understanding of 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 organization's internal control.
- iii. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. conclude on the appropriateness of management'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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. 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 governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peter Kiige Practicing Certificate No.1775.

KIIGE & ASSOCIATES
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NAIROBI
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Kiige & Associates
Certified Public Accountants (K)
Nairobi 2022

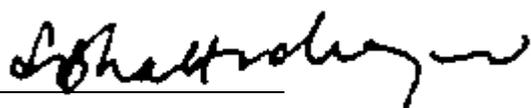
Fund accountability statement for the period ending December 2021

INCOME	2021 KES	2021 USD	2020 KES	2020 USD
Hewlett Foundation	58,910,012	520,655	54,221,525	496,671
Wellsprings Philanthropic Fund (WPF)	10,955,602	96,827	21,262,694	194,767
Foreign, Commonwealth & Development Office (FCDO) Partnerships	18,734,815	165,581	16,179,450	148,204
The Institute African Studies Center of Leiden University	600,000	5,303	17,672,366	161,879
International Development Research Centre (IDRC)	7,457,203	65,908	1,864,579	17,080
Echidna Giving	41,972,060	370,955	-	-
	21,989,021	194,342	5,414,947	49,601
Other Incomes				
Interest Income	192,248	1,699	61,788	566
Bank revaluations	5,480,089	48,434	1,942,221	17,791
Foreign currency gains and losses				
Total income	189,874,320	1,678,136	172,079,783	1,576,256
EXPENDITURE	2021 KES	2021 USD	2020 KES	2020 USD
Capacity to generate relevant and regular evidence on learning outcomes strengthened	15,806,466	139,700	11,122,693	101,884
Evidence driven interventions to improve learning outcomes supported	8,957,603	79,169	1,178,770	10,798
Targeted advocacy strengthened to improve learning	13,872,204	122,604	6,599,386	60,451
Deeper insights and innovations for improving learning outcomes generated through research	7,606,134	67,224	1,876,330	17,187
Organisational Competence Grown and Supportive environment enabled to facilitate program implementation	12,824,952	113,349	13,942,512	127,714
Program personnel cost	61,028,926	539,382	52,162,288	477,808
Salaries and benefits for G&A staff	15,982,056	141,252	14,712,440	134,759
Administration cost	8,376,962	74,037	7,503,581	68,733
Other expenses				
Depreciation	771,526	6,819	942,150	8,630
Foreign currency gains and losses	594,954	5,258	-	-
Asset disposal	165,693	1,464	-	-
Total expenditure	145,987,476	1,288,793	110,040,150	1,007,971
Fund balance for the year				
Add: Balance B/F	128,130,651	1,218,632	66,091,018	650,347
Net Balance c/f	<u>172,017,495</u>	<u>1,607,974</u>	<u>128,130,651</u>	<u>1,218,632</u>

Statement of Financial Position

Fixed assets	2021 KES	2021 USD	2020 KES	2020 USD
Property, plant & Equipment	1,594,249	14,090	1,947,268	17,210
Total fixed assets	<u>1,594,249</u>	<u>14,090</u>	<u>1,947,268</u>	<u>17,210</u>
Current assets				
Cash and cash equivalents	128,766,165	1,138,053	128,865,491	1,180,411
Accounts receivable	55,512,162	490,624	2,685,290	24,597
Total current assets	<u>184,278,326</u>	<u>1,628,678</u>	<u>131,550,781</u>	<u>1,205,008</u>
Less: current liabilities				
Accounts payable	16,537,505	146,161	8,987,979	82,330
Net current assets	167,740,822	1,482,517	122,562,802	1,122,678
Net Assets	169,335,071	1,496,607	124,510,070	1,139,888
Represented by:				
Funds balance	169,335,071	1,496,607	124,510,070	1,100,437
Total funds	<u>169,335,071</u>	<u>1,496,607</u>	<u>124,510,070</u>	<u>1,100,437</u>

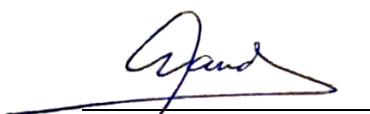
The financial statements were approved on 28th of February 2022 and signed on its behalf by:



Board Chair



Board Treasurer



Chief Executive Officer

Statement of Changes in Funds

Fund movements	General funds (KES)	Total (KES)
Year ended 31 st December 2020		
As at 1 st January 2020	62,422,438	62,422,438
Prior year adjustment	48,000	48,000
Balance of the year	62,039,633	62,039,633
As at 31 st December 2020	<u>124,510,070</u>	<u>124,510,070</u>

Year ended 31 st December 2020		
As at 1 st January 2021	124,510,070	124,510,070
Prior year adjustment	938,157	938,157
Balance of the year	43,886,844	43,886,844
As at 31 st December 2021	<u>169,335,071</u>	<u>169,335,071</u>

Fund movements	General funds (KES)	Total (KES)
Year ended 31 st December 2020		
As at 1 st January 2020	551,698	551,698
Prior year adjustment	424	424
Balance of the year	548,315	548,315
As at 31 st December 2020	<u>1,100,437</u>	<u>1,100,437</u>

Year ended 31 st December 2021		
As at 1 st January 2021	1,100,437	1,100,437
Prior year adjustment	8,292	8,292
Balance of the year	387,878	387,878
As at 31 st December 2021	<u>1,496,607</u>	<u>1,496,607</u>

Statement of Cash flows

Cash flows from operating activities	2021 KES	2021 USD	2020 KES	2020 USD
Balance for the year	43,886,844	387,878	62,039,633	568,285
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Adjustments for:	2021 KES	2021 USD	2020 KES	2020 USD
Prior year adjustments	938,157	8,292	48,000	424
Depreciation	771,526	6,819	942,150	8,630
Accumulated dep disposal	<u>165,693</u>	<u>1,464</u>		
<hr/>				
Changes in working capital	2021 KES	2021 USD	2020 KES	2020 USD
Decrease (Increase) in trade and other receivable	(52,826,872)	(466,891)	973,222	8,915
Increase (decrease) in trade payables	7,549,526	66,724	(2,119,745)	(19,417)
Net cash used for operating activities	<u>484,874</u>	<u>4,285</u>	<u>61,883,260</u>	<u>566,837</u>
<hr/>				
Cash flows from investing activities	2021 KES	2021 USD	2020 KES	2020 USD
Purchase of assets	(546,537)	(4,830)	(1,898,405)	(17,389)
Assets	(80,000)	(707)		
Proceeds of computer compensation	42,337	374		
Net cash used in investing activities	<u>(584,200)</u>	<u>(5,163)</u>	<u>(1,898,405)</u>	<u>(17,389)</u>
<hr/>				
Decrease in cash and cash equivalents	(99,326)	(878)	59,984,855	549,448
<hr/>				
Movement in cash and cash equivalents	2021 KES	2021 USD	2020 KES	2020 USD
Cash and cash equivalents at start of year	128,865,491	1,138,931	68,880,636	630,948
Decrease in cash and cash equivalents	(99,326)	(878)	59,984,855	549,448
Cash and cash equivalents at end of year	<u>128,766,165</u>	<u>1,138,053</u>	<u>128,865,491</u>	<u>1,180,396</u>

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 recognized in the statement of comprehensive income.

Income

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

Expenditure recognition

Expenditure is recognized 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 & 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 KES 10,000 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 & Fittings	12.5
Computers & Printers	33.3
Motor Vehicles	25
Other equipment & 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 recognized initially at fair value and subsequently measured at a mortised cost using the effective interest method.

Comparatives

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

2021 PAL Network Audited Financial Statements

Year ended 2021 (KES)

Cost	Computers KES	Equipment KES	Furniture & Fittings KES	Total KES
1 st January 2021	3,959,542	187,418	90,000	4,236,960
Additions	546,537		-	546,537
Disposals	<u>(380,000)</u>			<u>(380,000)</u>
31 st December 2021	<u>4,126,079</u>	<u>187,418</u>	90,000	<u>4,403,497</u>
Accumulated Depreciation				
1 st January 2021	2,144,658	97,349	47,685	2,289,692
Disposal depreciation	<u>(251,970)</u>			<u>(251,970)</u>
Annual depreciation	<u>743,719</u>	<u>22,517</u>	<u>5,289</u>	<u>771,526</u>
31 st December 2021	<u>2,636,407</u>	<u>119,866</u>	<u>52,974</u>	<u>2,809,248</u>
Carrying amount				
31 st December 2021	1,489,672	67,552	37,026	1,594,249

Year ended 2021 (USD)

Cost	Computers USD	Equipment USD	Furniture & Fittings USD	Total USD
1 st January 2021	34,995	1,656	795	37,447
Additions	4,830		-	4,830
Disposals	<u>(3,358)</u>			<u>(3,358)</u>
31 st December 2021	<u>36,467</u>	<u>1,656</u>	<u>795</u>	<u>38,919</u>
Accumulated Depreciation				
1 st January 2021	18,955	860	421	20,237
Disposal depreciation	<u>(2,227)</u>			<u>(2,227)</u>
Annual depreciation	<u>6,573</u>	<u>199</u>	<u>47</u>	<u>6,819</u>
31 st December 2021	<u>23,301</u>	<u>1,059</u>	<u>468</u>	<u>24,829</u>
Carrying amount				
31 st December 2021	<u>13,166</u>	<u>597</u>	<u>327</u>	<u>14,090</u>

Notes to the financial statements (continued)

	2021 KES	2021 USD	2020 KES	2020 USD
Cash and cash equivalents				
Stanbic KES Account	40,392,951	356,999	21,965,338	201,203
Stanbic USD Account	81,247,552	718,077	69,331,609	635,079
Stanbic GBP Account	847,079	7,487	31,379,805	287,440
Stanbic Credit card	237,770	2,101	398,776	3,653
M-Pesa Account	469,880	4,153	366,036	3,353
Reserve Account	5,567,491	49,206	5,402,520	49,487
Petty Cash	3,441	30	21,407	196
Total	<u>128,766,165</u>	<u>1,138,053</u>	<u>128,865,491</u>	<u>1,180,411</u>
Accounts receivable				
Receivables	-	-	548,235	5,022
Prepayments	-	-	-	-
Sub-grant to members	55,518,040	490,676	2,512,717	19,575
Staff imprest	(5,878)	(52)	-	-
Total	<u>55,512,162</u>	<u>490,624</u>	<u>2,685,290</u>	<u>24,597</u>
Accounts Payable				
Accounts payable	0	0	224,568	2,057
Audit fee	532,800	4,709	382,800	3,506
Accrual	15,526,914	137,229	8,380,611	76,767
Other payables	<u>477,791</u>	<u>4,223</u>	-	-
Total	<u>16,537,505</u>	<u>146,161</u>	<u>8,987,979</u>	<u>82,330</u>

Presentation currency

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

Taxation

No provision for corporate tax has been made in these financial statements. 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).

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 2021

Employees

Employees as at 31 December, 2021 were (15).