

THE PEOPLE'S ACTION FOR LEARNING (PAL) NETWORK
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2023



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Organisation information

Board members	: Dr.Ariel Fiszbein - chairperson : Dr. John Mugo - Secretary : Sinaba Massaman- Treasurer : Dr. Sara Ruto - Member : FCPA Rose Mwaura - Member : Baela Raza Jamil- Member : Radhika Iyengar- Member
Senior management	: Armando Ali - CEO : Rajarshi Singh - Director of Programmes : Nehemiah Ndinwa - Finance & Admin Manager
Audit & Risk Committee	: Mr.Sinaba Massaman - Chairperson : Baela Raza Jamil- Member : FCPA Rose Mwaura - Member
Governance & Programmes committee	: Dr.John Mugo -Chairperson : Ms.Radhika Iyengar- Member : Dr.Sara Ruto - 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 banker	: Stanbic Bank Kenya Limited, : Waiyaki Way Branch, : P.O Box 30550 - 0000, : 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 2023, which disclose the state of affairs of the organisation.

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 1.

Organisation and nature of activities

The Peoples 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

Pal Network vision is a world where all children acquire the foundation skills that allow them to thrive.

Results

The results for the year are set out on page 6.

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, 26th March 2024

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, 2023 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 26th March 2024, and signed by:



CEO

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,2023, 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 2023 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**

26th March, 2024

FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD ENDING DECEMBER 2023

Income	Note	2023 KES	2023 USD	2022 KES	2022 USD
Grant Income					
Wellsprings Philanthropic Fund (WPF)		28,479,602	181,818	23,694,428	191,959
Foreign Commonwealth & Development Office (FCDO)		47,282,868	301,861	37,683,519	305,290
International Development Research Centre (IDRC)		34,743,438	221,807	53,198,100	430,981
Schwab Charitable Fund		40,899,646	261,109	34,537,883	279,806
Lemann Foundation		1,667,374	10,645	-	-
Bill & Melinda Gates Foundation		67,467,325	430,722	28,723,277	232,701
Total Grant Income		<u>220,540,254</u>	<u>1,407,962</u>	<u>177,837,207</u>	<u>1,440,731</u>
Other Incomes					
Interest Income		2,063,568	13,174	3,057,796	24,773
Other Revenue		2,026,533	12,938	3,114,112	25,229
Bank revaluations		19,831,553	126,608	3,141,185	25,448
		<u>23,921,655</u>	<u>152,719</u>	<u>9,313,093</u>	<u>75,449</u>
Total income		<u>244,461,909</u>	<u>1,560,681</u>	<u>187,150,299</u>	<u>1,516,185</u>
Programs Expenditure					
Pal Network Capacity to Generate Data of Good Quality Improved		37,577,605	239,901	75,179,617	609,062
Network Strengthened to Position Itself to Inform Global Monitoring Efforts		59,878,174	382,271	18,402,109	149,083
Actions Taken by Members to Improve Learning Outcomes Understood and Ideas		9,074,563	57,933	11,476,879	92,979
Network Strengthened Bolstered by Responsive Governance and Diversified Fund		6,199,195	39,577	12,250,217	99,244
Organisational Competence Grown and Learning, Monitoring and Evaluation		22,470,910	143,458	28,257,106	228,923
Program personnel salaries & benefits		86,186,847	550,230	62,454,677	505,972
Program administration cost		12,713,347	81,164	8,710,059	70,564
		<u>234,100,640</u>	<u>1,494,534</u>	<u>216,730,663</u>	<u>1,755,828</u>
Other expenses					
Depreciation		499,569	3,189	620,035	5,023
Foreign currency gains and losses		234,235	1,495	59,755	484
Asset disposal		-	-	(77,862)	(631)
		<u>733,804</u>	<u>4,685</u>	<u>601,928</u>	<u>4,876</u>
Total expenditure		<u>234,834,443</u>	<u>1,499,218</u>	<u>217,332,591</u>	<u>1,760,705</u>
Fund balance for the year		<u>9,627,466</u>	<u>61,463</u>	<u>(30,182,291)</u>	<u>(244,520)</u>
Add: Balance B/F		141,835,203	1,363,455	172,017,495	1,607,974
Prior year adjustment		(310,607)	(1,983)	-	-
Net Balance c/f	Note 12	<u>151,152,062</u>	<u>1,422,935</u>	<u>141,835,203</u>	<u>1,363,455</u>

Statement of Financial Position

	Note	2023 KES	2023 USD	2022 KES	2022 USD
Fixed Assets					
Property, plant & Equipment	2	1,527,075	9,749	1,335,362	10,818
		<u>1,527,075</u>	<u>9,749</u>	<u>1,335,362</u>	<u>10,818</u>
Current assets					
Cash and cash equivalents	3	147,234,218	939,965	135,950,957	1,101,397
Accounts receivable	4	9,179,325	58,602	11,394,420	92,311
Total current assets		<u>156,413,543</u>	<u>998,568</u>	<u>147,345,377</u>	<u>1,193,708</u>
Less: current liabilities					
Accounts payable	5	<u>6,788,556</u>	<u>43,339</u>	<u>6,845,536</u>	<u>55,459</u>
Net current assets		<u>149,624,987</u>	<u>955,228</u>	<u>140,499,841</u>	<u>1,138,250</u>
Net assets		<u>151,152,062</u>	<u>964,977</u>	<u>141,835,203</u>	<u>1,149,068</u>
Represented by:					
Funds balance	Pg8	151,152,062	964,977	141,835,203	1,149,068
Total funds		<u>151,152,062</u>	<u>964,977</u>	<u>141,835,203</u>	<u>1,149,068</u>

The financial statements were approved on _____, 2024 and signed on its behalf by:



 CEO



 Board Chair



 Board Treasurer

Statement of Changes in Funds

Fund movements	General funds	Total
	KES	KES
Year ended 31 December, 2022		
As at 1 Jan 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 December 2022	141,835,203	141,835,203
Year ended 31 December 2023		
As at 1 Jan 2023	141,835,203	141,835,203
Prior year adjustment	(310,607)	(310,607)
Balance for the year	9,627,466	9,627,466
As at 31 December 2023	151,152,062	151,152,062
	General funds	Total
Year ended 31 December, 2022		
	USD	USD
As at 1 Jan 2022	1,364,256	1,364,256
Exchange Revaluations		
Balance for the year	(244,520)	(244,520)
As at 31 December 2022	1,149,068	1,149,068
Year ended 31 December 2023		
As at 1 Jan 2023	1,149,068	1,149,068
Exchange Revaluations	-	-
Balance for the year	61,463	61,463
As at 31 December 2023	1,210,531	1,210,531

Statement of Cash flows

	2023	2023	2022	2022
	KES	USD	KES	USD
Cash flows from operating activities				
Balance for the year	9,627,466	61,463	(30,182,291)	(244,520)
Adjustments for:				
Depreciation Charge	499,569	3,189	620,035	5,023
Accumulated Dep Disposal	(48,048)	(307)		
Revaluation of forex	(310,607)		1,178,223	
Changes in working capital				
Decrease (increase) in trade and other receivables	2,215,095	14,141	45,621,941	357,417
Increase (decrease) in trade payables	(56,980)	(364)	(9,691,969)	(78,519)
Net cash used for operating activities	<u>11,926,495</u>	<u>76,141</u>	<u>7,545,939</u>	<u>39,401</u>
Cash flows from investing activities				
Purchase of assets	(816,380)	(5,212)	(385,000)	(3,119)
Proceeds of computer compensation	173,147	1,105	23,853	193
(Increase) in Fixed Deposits				
Net cash used in investing activities	<u>(643,233)</u>	<u>(4,106)</u>	<u>(361,147)</u>	<u>(2,926)</u>
Decrease in cash and cash equivalents	<u>11,283,261</u>	<u>72,034</u>	<u>7,184,792</u>	<u>36,476</u>
Movement in cash and cash equivalents				
Cash and cash equivalents at start of year	135,950,957	1,174,529	128,766,165	1,138,053
Forex revaluation	-	(306,598)	-	-
Decrease in cash and cash equivalents	11,283,261	72,034	7,184,792	36,476
Cash and cash equivalents at end of year	<u>147,234,218</u>	<u>939,965</u>	<u>135,950,957</u>	<u>1,174,529</u>

1. Summary of significant accounting policies

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

a) 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.

b) 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.

c) 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.

d) 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.

e) 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

f) Cash and cash equivalents

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

g) Trade and other receivables

Receivables are stated at nominal value less write downs for any amounts expected to be irrecoverable

h) Trade and other payables

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

i) Comparatives

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

Notes to the financial statements (continued)

2.	Computers Shs 33.33%	Equipments Shs 25%	Furniture & fittings Shs 12.50%	Total Shs
Year ended 2023 (Ksh)				
Cost				
1st January 2023	4,166,079	187,418	135,000	4,488,497
Additions	816,380	-	-	816,380
Disposal	(173,147)	-	-	(173,147)
31st December 2023	<u>4,809,312</u>	<u>187,418</u>	<u>135,000</u>	<u>5,131,730</u>
Accumulated depreciation				
1st January 2023	2,961,598	130,119	61,418	3,153,135
Disposal dep	(48,048)	-	-	(48,048)
Annual depreciation	476,046	14,325	9,198	499,569
31st December 2023	<u>3,389,596</u>	<u>144,443</u>	<u>70,616</u>	<u>3,604,655</u>
Carrying amount				
31st December 2023	<u>1,419,716</u>	<u>42,975</u>	<u>64,384</u>	<u>1,527,075</u>
Year ended 2023 (USD)				
Cost				
1st January 2023	26,597	1,197	729	28,522
Additions	5,212	-	365	5,577
Disposal	(1,105)	-	-	(1,105)
31st December 2023	<u>30,703</u>	<u>1,197</u>	<u>1,094</u>	<u>32,994</u>
Accumulated depreciation				
1st January 2023	18,907	831	392	20,130
Disposal dep	(307)	-	-	(307)
Annual depreciation	3,039	91	59	3,189
31st December 2023	<u>21,640</u>	<u>922</u>	<u>451</u>	<u>23,013</u>
Carrying amount				
31st December 2023	<u>9,064</u>	<u>274</u>	<u>643</u>	<u>9,981</u>

Notes to the financial statements (continued)

3. Cash and cash equivalents	2023 KES	2023 USD	2022 KES	2022 USD
Stanbic KES Account	62,163,012	396,858	45,439,131	368,122
Stanbic USD Account	61,956,968	395,543	27,051,498	219,156
Stanbic GBP Account	23,384,031	149,287	8,289,639	67,158
Stanbic Credit card	(720,329)	(4,599)	(237,606)	(1,925)
Mpesa Account	438,980	2,803	310,595	2,516
Reserve Account	-	-	110,491	895
Petty Cash	10,819	69	-	-
Victoria Bank Fixed Deposit	737	5	54,987,208	445,475
	<u>147,234,218</u>	<u>939,965</u>	<u>135,950,957</u>	<u>1,034,239</u>
4. Accounts receivable				
Receivables	3,184,700	20,332	429,702	3,481
Sub-grant to members	5,985,498	38,212	10,964,718	88,830
Staff imprest	9,127	58	-	-
	<u>9,179,325</u>	<u>58,602</u>	<u>11,394,420</u>	<u>92,311</u>
5. Accounts payable				
Accounts payable	5,000	32	1,561,625.20	12,651.40
Audit fees	615,248	5,438	408,225	3,608
Accruals	6,139,316	54,260	4,465,741	39,469
Other payables	28,992	185	409,945	3,321
	<u>6,788,556</u>	<u>59,915</u>	<u>6,845,536</u>	<u>59,049</u>
6. Presentation currency				

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

7. 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		2,063,568
Other revenue		2,026,533
incomes		(20,688)
Total other income		4,069,413
Related expenditure		-
Surplus		4,069,413
Corporate tax @ 30%		1,220,824
Withholding tax paid		(742,596)
Tax payable		478,228

8. 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.

9. Capital commitments

There were no capital commitments as at 31,December 2023

10. Employees

Employees as at 31 December,2023 were (14).

11. Abbreviations

PAL - Peoples' Action for Learning
 OSPC - Open society policy centre
 DFID - Department For International Development
 TEP - The Education Partnership Centre
 CIESAS - Centre for Research and Higher Studies in Social Anthropology

Fund balances for the year 2023

No.	12a. Restricted Grants	Bal B/F	Received	Spent	Fund bal as at 31/12/2023
	Donor Name	KES	KES	KES	KES
1	Hewlett Foundation	5,919,332	-	5,919,332	-
2	Wellsprings Philanthropic Fund (WPF)	8,414,873	28,479,602	36,894,475	-
3	Foreign Commonwealth & Development Office (FCDO)	6,638,565	47,282,868	8,004,444	45,916,989
4	The Institute African Studies Center of Leiden University	978,299	-	978,299	-
5	International Development Research Centre (IDRC)	33,126,822	34,743,438	36,573,824	31,296,438
6	Schwab Charitable Fund	8,857,146	40,899,646	49,756,792	-
7	Bill & Melinda Gates Foundation	14,091,181	67,467,325	21,698,828	59,859,678
8	Lemann Foundation	-	1,667,374	1,667,374	-
	Total Restricted	78,026,218	220,540,254	159,825,994	137,073,105
8	12b. Unrestricted grants	63,808,985	-	63,808,985	-
	Total Fund Balance	141,835,203	220,540,254	223,634,979	137,073,105