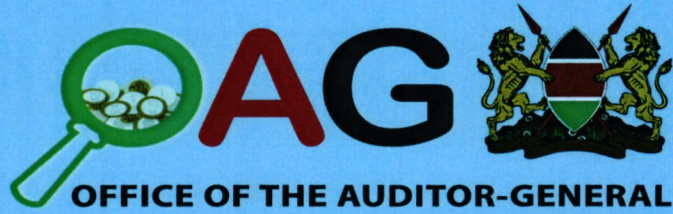


REPUBLIC OF KENYA



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THE AUDITOR-GENERAL

ON

KENYA SPACE AGENCY

**FOR THE YEAR
ENDED 30 JUNE, 2020**



KENYA SPACE AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2020

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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Key Entity Information and Management

(a) Background information

The Kenya Space Agency was established as a State Corporation in the Ministry of Defence vide legal notice No.22 of 7th March, 2017, succeeding the National Space Secretariat.

(b) Principal Activities

The principal activity of the Kenya Space Agency is to develop and nurture a vibrant and viable domestic space industry.

(c) Key Management

The Kenya Space Agency day-to-day management is under the following key organs:

- Board of Directors
- Director General/Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Director General	Maj Gen Thomas K Chepkuto
2.	Ag. General Manager	Lt Col Mercy W Kamau
3.	Ag. Director Technical Services	Maj Andrew O Nyawade
4.	Ag. Finance Manager	CPA John T Karimi
5.	Ag. Head of R&D	Mr. Charles M Mwangi

(e) Fiduciary Oversight Arrangements

The Agency has not recruited any staff but has personnel attached from the parent ministry. Oversight function is conducted through the various Committees of the Board of Directors

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Key Entity Information and Management (Continued)

(f) Headquarters

P.O. Box 7046-00200
Pitman House
Nairobi, KENYA

(g) Contacts

Telephone: +254 709298000
E-mail : info@ksa.go.ke
Website: www.ksa.go.ke

(h) Entity Bankers

Cooperative Bank of Kenya
Nairobi Business Centre
P.O. Box 19555 - 00202
Nairobi, Kenya

(i) Independent Auditors




Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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The Board of Directors

 <p>Maj Gen (Rtd) James K. T. Aruasa, CBS Chairman</p>	<p>Maj Gen (Rtd) Aruasa was born in the year 1951.</p> <p>He possesses a BSc in Aeronautical Engineering, Post Graduate Diploma in Management Studies and Defence International Relations Course.</p> <p>He has been a Base Commander Laikipia Air Base, Deputy Air Force Commander, Managing Director at Kenya Ordnance Factories (KOFC), Senior Directing Staff at National Defence College, Commandant Defence Staff College and Chairman Defence Forces Pensions Appeals Tribunal.</p>
 <p>Lt Gen Adan Mulata, CBS Board Member Representative of the Chief of Defence Forces</p>	<p>Lt Gen Mulata was born in the year 1961.</p> <p>He has been an Assistant Chief of Defence Forces in charge of Operations, Doctrine and Training.</p> <p>And currently he is the Commandant National Defence College.</p>
 <p>David Otwoma, PhD Board Member Alternate to PS University Education and Research</p>	<p>Dr. Otwoma was born in year 1963.</p> <p>He is the Chairman of the Eastern Africa Association for Radiation Protection. Dr Otwoma is a committee member of Konza Innovation Ecosystem Initiative Advisory Council. He possesses a PhD in Radiation Physics, an MSc in Nuclear Science and a BSc in Physics. Currently he is the Chief Analyst at the National Commission for Science, Technology and Innovation.</p>

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 <p>Eng. Philip Ndolo Nyakwaka Board Member Independent</p>	<p>Eng. Nyakwaka was born in year 1963. He possesses a BSc Electrical Engineering (Hons) from the University of Nairobi. He worked in the Ministry of Transport and Communication at the Directorate of Civil Aviation from 1987 to 1988, Kenya Posts and Telecommunication/Telkom Kenya from 1988 to 2008. He has been in Consultancy from 2008 to date.</p>
 <p>Ms. Stella Aura, MBS Board Member Alternate to PS Environment & Forestry</p>	<p>Ms Aura was born in the year 1961. She possesses a BSc Meteorology, MSc Atmospheric Science (Oceanography) and Post Graduate Diploma in International Relations. Currently she is the Director General Kenya Meteorological Department (KMD) and Permanent Representative of Kenya with Meteorological Organization (WMO).</p>
 <p>Ms. Joan Chesoni Board Member Representative of the Attorney General</p>	<p>Ms Chesoni was born in the year 1983. She is a public sector lawyer specializing in Air and Space Law Practice. She has practised as an Advocate of the High Court of Kenya for 10 years, beginning in private practice where she focused in the areas of Commercial and Intellectual Property Law. She is a State Counsel at the Office of the Attorney-General & Department of Justice in Kenya. Joan is an advanced LLM alumna of the Leiden University International Institute of Air and Space Law.</p>

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Dr. Mucemi Kanyungo Gakuru, PhD
Board Member
Independent

Dr. Mucemi was born in the year 1964. He possesses a BSc in Electrical Engineering from the University of Nairobi and PhD in Microwave Engineering from the Cambridge University. He is currently the Head of Commuter Rail Unit at the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.



Mr Kennedy Okondo
Board Member
Alternate to PS Defence

Mr. Okondo was born in the year 1967. He possesses a Bachelor of Economics and Masters in Economics (Development Economics) from the University of Baroda. He is currently the Chief Economist and Head of Planning at the Ministry of Defence.



Dr. Doris Nyakondo Mutta, PhD
Board Member
Independent

Dr. Mutta was born in the year 1964. She possesses a BSc Forestry, MSc Botany and PhD Environmental Studies. She has over 20 years' experience in programme management of research and development projects in forestry, coastal and marine resources with government, non-governmental and intergovernmental organizations (KEFRI, ACTS, UNEP, AFF). Currently she is the programme manager of an Africa wide project on strengthening sustainable forest management in Africa.



**Eng. Vincent Adul
Board Member
Alternate to PS ICT**

Eng. Adul was born in the year 1960. He possesses a BSc (Electrical Engineering) & an MSc (Information Systems) from the University of Nairobi. He is a registered Engineer with EBK, Member of the IEK, Member of IEEE(USA) and IET(UK). He has over thirty-five years' experience in Power/Energy and ICT sectors. Currently he is serving as the Communications Technology Expert at the National Communications Secretariat, a Semi-Autonomous Agency at the Ministry of Information, Communications and Technology.



**Maj Gen Thomas K. Chepkuto CBS, OGW
'ndc'(CHINA) 'psc'(K)
Ag. DG / Secretary to the Board**

Maj Gen Chepkuto was born in the year 1960. He is a graduate of the National Defence University (NDC) China, and currently pursuing a Master's degree in Security & Risk Management at the University of Leicester, UK. He joined the Army as a Cadet Officer in the year 1984 and was commissioned as Second Lieutenant in the year 1985. He has 36 years of service in Kenya Army. He has served in various appointments in command and staff. He has undergone various training in Kenya, USA and China. His latest appointment was Deputy Army Commander.



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Board Committees

Name of the Committee	Members
Finance and Administration Committee	<ol style="list-style-type: none"> 1. Eng. Philip Nyakwaka (Chair) 2. Mr. Kennedy Okondo 3. Ms. Joan Chesoni 4. Lt Gen Adan Mulata, CBS 5. PS Treasury Representative 6. CPA John Karimi (Secretary)
Governance Committee	<ol style="list-style-type: none"> 1. Ms. Joan Chesoni (Chair) 2. David Otwoma, PhD 3. Mr. Kennedy Okondo 4. Eng. Philip Nyakwaka 5. Ms. Stella Aura, MBS 6. Lt Col Mercy Kamau (Secretary)
Audit, Risk and Compliance Committee	<ol style="list-style-type: none"> 1. Dr. Doris Mutta, PhD (Chair) 2. Ms. Stella Aura, MBS 3. Dr. Mucemi Gakuru, PhD 4. Eng. Vincent Adul 5. PS Treasury Representative 6. Mr. Charles Mwangi (Secretary)
Strategy and Technical Committee	<ol style="list-style-type: none"> 1. Lt Gen Adan Mulata CBS (Chair) 2. Dr. Mucemi Gakuru, PhD 3. Eng. Vincent Adul 4. David Otwoma, PhD 5. Dr. Doris Mutta, PhD 6. Maj Andrew Nyawade (Secretary)

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Management Team

Name of the Staff	Responsibility
 <p>Maj Gen Thomas K. Chepkuto CBS, OGW 'ndc'(CHINA) 'psc'(K)</p>	<p>Acting Director General</p>
 <p>Lt Col Mercy Kamau, 'psc' (K) BA Economics and Business Studies Post Graduate Diploma in International Relations and Diplomacy</p>	<p>Acting General Manager</p>

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Maj Andrew Nyawade
Master in Space Systems and Services
Member of IEEE

Acting Director Technical Services



Mr. Charles Mwangi
Master in Control Engineering, Bachelor's degree
in Technology Education (Electrical &
Electronics Engineering)

**Acting Head of Research and
Development**



CPA John Karimi
Bachelor of Commerce (Finance option)
CPA (K)

Acting Finance Manager

Chairperson's Statement



It is my great pleasure and honour to present annual report and financial statements for the year ended 30th June 2020. This report highlights the milestones that Kenya Space Agency (KSA) has so far achieved. We recognize that these are extremely challenging times in all aspects of life and work for humanity globally due to Covid-19 Pandemic. However, we remained focused on our strategic priorities to promote, coordinate and regulate all space related activities in the country.

During this period, we undertook articulation and validation workshops to finalize the five – year Strategic Plan. The Strategic Plan will be launched in mid-October of this year, 2020. With the strategic plan in place we now have a clear road map on short term and long term goals. The Strategic Plan will also be a guide on how to engage with partners and stakeholders.

The Board also supervised the finalization of the Human Resource (HR) Instruments for the Agency which have since been approved by the State Corporation Advisory Committee (SCAC). With the HR instruments in place the Board is in an advanced stage of recruiting a substantive Director General, a task that has remained a top priority for the Board since its inauguration. It is also during this period that the Board presided over the change of guard that saw Dr. John Kimani's exit from the management helm of the Agency, and Maj Gen Thomas Chepkuto's entry into the Agency as the new Acting Director General. As the Board continues to craft Administrative and Oversight documents, the Agency will focus on development of relevant legislation to facilitate the successful implementation of its mandate, as the principal function of the Agency is regulatory in nature, in accordance with both our Categorization and the Kenya Space Agency Order.

The Board now expects to build on these achievements to broaden its scope and make sure that its impact is felt during the 2020/21 financial year, especially in the actualization of the planned Space Programmes and recruitment of senior managers.

A handwritten signature in black ink, appearing to read 'J. Aruasa', written over a horizontal dashed line.

Sign

Maj Gen (Rtd) James Aruasa, CBS

Report of the Ag. Chief Executive Officer



It is my great pleasure to bring insight of the developments in Kenya Space Agency. During the period a lot of activities were dedicated to laying the foundation for the establishment of the Kenya Space Agency and expand the benefits accruing from the uptake of space technology for decision making. The focus was majorly on developing the strategic plan, human capital development and engagement with the stakeholders. The Agency in collaboration with Global Partnership for Sustainable Development Data (GPSDD) held a training workshop on Africa Regional Data Cube (ARDC) at Strathmore on 6th August, 2019 and which was followed by another one in 26th-27th September 2020.

ARDC is a platform that offers analysis ready data for decision making and targeted stakeholders from Government and private institutions. Subsequently, a Teacher Training on 3D Printed Automatic Weather Stations workshop was organized by the Global Learning and Observations to Benefit the Environment (GLOBE) team in collaboration with KSA at the Kenya Meteorological Department from 13th - 17th August. On 12th -14th September, 2019, KSA organized an Audit training workshop for the Audit Committee but was open to other Board members and Management team conducted by the Office of the Auditor General at The Heron Hotel in Nairobi.

On the strategic front, together with Kenya Institute for Public Policy Research and Analysis (KIPPRA), KSA organized an articulation workshop to review the first draft of the KSA Strategic Plan on 10th August 2019. The workshop was attended by Board members, Management and technical experts in the space sector. On 11th September, 2019, the Board Performance Contract for FY 2019/2020 was vetted and approved. Consequently, it was formally signed on 26th September 2019 in presence of the then Cabinet Secretary Defence Amb. Raychelle Omamo.

The Agency sponsored a five-day course on small satellite development at CEMASTEVA, Karen from 4th to 8th November, 2019 conducted by trainers from University Space Engineering Consortium (UNISEC) and Nihon University. 30 participants from 10 institutions were trained on basic satellite subsystems design, integration and testing. Later in the year, from 9th to 13th December, 2019, the Italian Space Agency (ASI) in collaboration with KSA and with support of United Nations Office for Outer Space Affairs (UNOOSA) hosted a training course on Remote Sensing, Space Science and Space Policy at the Luigi Broglio - Malindi Space Centre (BSC) in Malindi attracting participants from Kenya and 9 other African countries.

The Agency moved into our new offices from Ulinzi House at the beginning of November located at 4th Floor, Pitman House along Jakaya Kikwete road. In collaboration with KIPPRA, we conducted the second Articulation Workshop to review the second draft of the KSA Strategic Plan on 25th November, 2019 which was attended by Board members, KIPPRA and Management. On outreach

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and stakeholder engagement, we were invited by a Swaminarayan Academy in Mombasa (a GLOBE school) to the grace their Swaminarayan community event where GLOBE students were sharing their research findings to the community.

We also took part in the Nairobi International Trade Fair where we showcased the 3D Printed and assembled Automatic Weather Station by the KSA team. KSA stand, which was part of the Ministry of Defence stand, was visited by the Head of State, H.E Uhuru Kenyatta. During the period we had our technical staff undertake maintenance of automatic weather stations installed in different parts of the country. In compliance with the provisions of the Performance Contracting, we conducted a HIV/AIDS Prevention, Management and Communicable diseases sensitization forum for our staff on 19th December at KSA Board Room. We closed the calendar year of 2019 with a Prayer day on same day to bless the new offices and also to give thanks to God for year 2019.

The KSA team with support from representatives from Ministry of Defence HR, Directorate of Public Service Management (DPSM), Public Service Commission (PSC) and State Corporation Advisory Committee (SCAC), embarked on the process of developing Human Resources instruments in January and February 2020. On 15th January 2020, KSA held the third articulation meeting on strategic plan facilitated by KIPPRA at the KSA offices to review the third draft. On 22nd January, KSA had the honour of hosting the then Cabinet Secretary Ministry of Defence Amb.Raychelle Omamo as she officially opened the Agency offices. The event was also attended by some board members and the staff of the Agency.

On 11th -13th February 2020, some KSA staff members undertook a bench marking exercise at Kenya Ordnance Factory Corporation (KOFCC) at Eldoret to learn the best practice from a semi-autonomous organization in the Ministry of Defence. On 9th March 2020 the Agency had a meeting with officers from Council of Governors (CoG) at their CoG offices in Nairobi to explore areas of collaboration. The activities on the fourth quarter were adversely affected by the Covid-19 pandemic which required most Government offices to be closed at some point and KSA had its staff working remotely. Due to the Government directive on meetings, KSA engagements with the stakeholder were severely affected. It was only later in June that KSA activities started to gain momentum, more so with respect to our continued engagement with the County Governments. On Friday 19th June, 2020, the Kenya Space Agency bid farewell to Dr. John Kimani who had been the Acting DG as I took office as the Acting Director General.

In FY 2019/2020 we were allocated Kshs 200 Million and were able to spend Kshs 113,863,676. The absorption level stood at 57% of allocated funds.

I want to thank the Board members and the staff members for all the effort that have gone into the activities and the achievements of the FY 2019/2020. We look forward to a more engaging FY2020/2021, more especially because we continue grappling with the Covid-19 pandemic as a country.

Sign..........

Maj Gen Thomas K. Chepkuto CBS, OGW 'ndc'(CHINA) 'psc'(K)

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Corporate Governance Statement

The fully constituted Board of Directors for the Kenya Space Agency was inaugurated by the Cabinet Secretary, Defence on 11th September, 2018. In the Financial Year 2019/2020, the Board held four (4) Ordinary Board Meetings and Five (5) Special Board Meetings. This was an effort to make the Agency fully operational. The main challenge is that the Principal Secretary, Treasury and Planning is yet to appoint his representative to the Board. This state of affairs has continued to pose the challenge of raising the quorum of two thirds of the total of twelve (12) members.

During the First Ordinary Board Meeting held on 24th July, 2019, the attendance was eight (8) out of twelve (12). In the Second Ordinary Board Meeting held on 9th October, 2019, the attendance was six (6) out of Twelve (12). During the Third Ordinary Board Meeting held on 24th October, 2019, the attendance was eight (8) out of twelve (12). In the Fourth Ordinary Board Meeting held on 9th January, 2020, the attendance was nine (9) out of twelve (12). In the First Special Board Meeting held on 6th September, 2019, the attendance was ten (10) out of twelve (12). During the Second Special Board Meeting held on 26th September, 2019, the attendance was seven (7) out of twelve (12). In the Third Special Board Meeting held on 3rd June, 2020, the attendance was ten (10) out of twelve (12). During the Fourth Special Board Meeting held on 10th June, 2020, the attendance was six (6) out of twelve (12). In the Fifth Special Board Meeting held on 11th June, 2020, the attendance was Eight (8) out of twelve (12).

The KSA is in the process of developing a Succession Plan. The Board also supervised the finalization of the Human Resource (HR) Instruments for the Agency which have since been approved by the State Corporation Advisory Committee (SCAC). With the HR instruments in place the Board is in an advanced stage of recruiting a substantive Director General, a task that has remained a top priority for the Board since its inauguration. The roles and functions of the Board have been captured in Paragraph 4 of the Kenya Space Agency Order and also in Section 1.2 of the Code of Governance for State Corporations, Mwongozo. The Process of appointment and removal of Board Members is as contained in Paragraph 6 (2), 6 (3) and 6 (4) of the Order. This is further expounded in Paragraph 9 (1) and 9 (2) of the order. Section 1.1 of Mwongozo also discusses the appointment of Members of the Board.

The board is in the process of developing a Board Charter. The Board has already delegated the task of development of the Charter to the Strategy and Technical Committee of the Board. The Board has also delegated to the Audit Committee, the task of development of both the Audit Charter and the

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Audit Committee Charter. The Board and management underwent an Audit training which was facilitated by the officers from Office of the Auditor General from 12th to 14th September 2019.

Board remunerations are in accordance with the categorization of the Agency as a regulatory corporation at PC 6A and with guidelines on terms and conditions of service for state corporations' Chief Executive Officers, Chairmen, Board Members, Management staff and Union sable staff. The Board expenses for the year was Kshs12,221,929. A Conflict of Interest book is placed before the Board in all meetings. So far, there has not been any cases of Conflict of Interest. The Board Performance Contract for FY 2019/2020 was vetted on 11th September, 2019 by Public Service Performance Management Unit (PSPMU) and upon approval, it was signed on 26th September 2019.

Corporate Social Responsibility Statement/Sustainability Reporting

Global Learning and Observations to Benefit the Environment (GLOBE) Program in Kenya

The GLOBE Program in Kenya started in 1997 following the signing of the bilateral agreement between the United States Government and the Kenyan Government but remained dormant after 2000. In 2007, efforts were made to revive GLOBE activities due to the immense benefits it offers to students, teachers, and scientists as well as the host country in inculcating inquiry-based learning in education.

The National Space Secretariat (NSS), the predecessor of the Kenya Space Agency, adopted the GLOBE Program in 2012 as an outreach programme to promote and sustain interest in Science, Technology, Engineering and Mathematics (STEM) subjects, which are foundational subjects for careers in Space Science and Technology. NSS and later KSA have been conducting teacher training workshops to equip them with skills necessary to implement the programme. Other initiatives undertaken by the Agency in this regard include:

a) Fabrication and Installation of 3D Printed Automatic Weather Stations (3D-PAWS)

The 3D Printed Automatic Weather Stations (3D-PAWS) is an initiative of University Corporation for Atmospheric Research (UCAR) and US National Weather Service (NWS) International Activities Office (IAO) with support from USAID Office of U.S. Foreign Disaster Assistance (OFDA), which involves the development and deployment of low-cost surface weather stations utilizing 3D printer technology, locally sourced materials, micro-sensor technology and low-cost single board computers.

The goal of the project is to make the 3D-PAWS weather station designs, software, and processing tools an open community resource. The project supports the local fabrication and assembly of automatic weather stations in an effort to augment existing weather monitoring networks while making collected weather data openly accessible. The 3D-PAWS has since been integrated with the GLOBE Program, with Kenya being one of the pilot projects.

GLOBE Program in Kenya has to date, fabricated and installed 25 stations across the country in GLOBE schools. Check out this website (<http://3d-kenya.chordsrt.com/about>) for weather data and more information.

b) GLOBE Program Mosquito Community Action

Shree Swaminarayan Academy Environmental Club in collaboration with the Kenya Space Agency's GLOBE Program organized a 1-day "GLOBE Program Mosquito Community Action" workshop on 4th October, 2019 in Shree Swaminarayan Academy in Mombasa, to share the research findings of the student on identification of different species of mosquitoes and monitoring their potential breeding sites in their homes, school and surrounding environment. The workshop targeted County officials, Public Health Workers, Beach Hotel Owners, Teachers and Students from neighbouring schools and school community members.

The outcome of the Workshop was to nurture students' social responsibility to the community and the environment, creating awareness of mosquito species and potential breeding sites and support the community to develop and implement an effective integrated mosquito vector borne diseases control approach. The workshop was officiated by Ag. DG, Kenya Space Agency Dr. John Kimani.



Group photo of Ag DG Dr Kimani and participants



Photo of participants during the presentation

Management Discussion and Analysis

Section A

The entity's operational and financial performance

➤ **Global Learning and Observations to Benefit the Environment Teacher Training**

Teacher Training as part of the Global Learning and Observations to Benefit the Environment was held at the Kenya Meteorological Department from 13th to 17th August. This training imparted technical skills to the teachers on the maintenance of the 3D Printed Automatic Weather Stations as part of the learning and outreach objectives of KSA. This promotes development of GeoSTEM subjects in schools which contributes to the building of technical capacity that will feed into the country's development process.



The Acting Director General gives his closing remarks at the end of the training.



The participants are awarded certificates at the end of the training.

➤ **Africa Regional Data Cube (ARDC) Training at Strathmore**

The Kenya Space Agency in collaboration with Global Partnership for Sustainable Development Data (GPSDD) held a training workshop at Strathmore on 6th August, 2019. The training focused on further deepening and strengthening capacity of stakeholders in Government, Private Sector and Academia in using the ARDC platform in order to produce relevant data products for supporting decision and policy making. The participants came from Department of Resource Surveys and Remote Sensing (DRSRS), Kenya Agricultural and Livestock Research Organization (KALRO), Kenya Meteorological Department, National Drought Management Authority (NDMA), Water Resources Authority, National Land Commission (NLC), Kenya Marine & Fisheries Research Institute, University of Nairobi, Jomo Kenyatta University of Agriculture and Technology, Strathmore University, UN-Habitat, Regional Centre for Mapping of Resources for Development (RCMRD), USAID, Africa Population and Health Research Centre (APHRC), GIZ, International Centre for Research in Agroforestry (ICRAF), Locate IT, Geosymp, Kenya Red Cross, Eastern African Grain Council (EAGC), International Centre for Insect Physiology and Ecology (ICIPE), Kenya Institute for Public Policy Research and Analysis (KIPPRA) and Masai Mara University.

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Group photo with the participants at the workshop.

➤ **Strategic Plan Articulation Workshop**

An articulation workshop to review the first draft of the KSA Strategic Plan with KIPPRA was held on 10th August 2019. In attendance were Board members, Management and technical experts in the space sector.



Dr. Sias Mostert, space expert from South Africa makes a presentation.



Victor Mose takes the participants of the workshop through the draft Strategic



KSA Board Chairman, Maj Gen (Rtd) James Aruasa gives his closing remarks at the end of the workshop.

➤ **Performance Contract Vetting and Signing**

The Board Performance Contract for FY 2019/2020 was vetted on 11th September, 2019 and upon approval, it was signed on 26th September 2019.



KSA Chairman Maj Gen (Rtd)Aruasa receiving the vetted Performance Contract from Mr. Munyua of Public Service Delivery Unit at NITA Athi River as Board Member Eng. Nyakwaka and Ag.DG Dr. Kimani witnesses



Defence Cabinet Secretary Amb. Raychelle Omamo authenticates on the performance contract for the Chairman Kenya Space Agency Maj Gen (Rtd) James Aruasa as Lt Col Mercy Kamau, Ag. General Manager looks on.

➤ **Audit Training by Office of the Auditor General**

Audit training for the Audit Committee, Board Members and part of the Management was conducted by the Office of the Auditor General from 12th to 14th September 2019 at The Heron Hotel Nairobi.



Participants during the Audit Workshop

➤ **Africa Regional Data Cube Follow up Training and Use Case Coordination**

A follow up African Regional Data Cube (ARDC) training was held on 26th and 27th September 2019 to develop and coordinate use cases for application of the ARDC platform as well as conduct training to further deepen the capacity and skills of the involved stakeholders



Group photo of the workshop participants.

➤ **Installation and Maintenance of 3D Printed Automatic Weather Stations**

Personnel of the Agency conducted maintenance of the 3D Printed Automatic Weather Stations in Naivasha, Homabay, Eldoret, Kakamega from 2nd to 5th December 2019. They also installed new weather stations in Teremi High School which is one of GLOBE schools.



Installation of Automatic Weather Station in Teremi High School



Maintenance of Automatic Weather Station at Thomas Mboya Primary School, Eldoret

➤ **HEPTA-Sat Training in CEMASTE A**

Centre for Mathematics Science and Technology Education in Africa (CEMASTEA). CEMASTE A is an institution which does capacity building for teachers in Science, Technology, Engineering and Mathematics (STEM) subjects. This institution is run by Ministry of Education but majorly funded by JICA.

The Agency sponsored a five-day course for thirty (30) participants on small satellite development, the Hands-on Education Program for Technical Advancement Satellite (HEPTA-Sat) Training, at the Africa (CEMASTEA) Karen from 4th to 8th November, 2019. HEPTA-Sat is a capacity building programme in space systems engineering that utilizes pico-satellite kits to enable participants learn assembly, integration and test of satellite development. The trainees learn the basic subsystems of a satellite including the structure, electrical power supply and distribution, command and data handling, communications, ground station, and sensors as well as how to integrate those subsystems to create a working satellite, test and debug. The course was conducted by three trainers from University Space Engineering Consortium (UNISEC) and Nihon University.

The participants were drawn from the following institutions.

1. Kenya Space Agency.
2. Defence Forces Technical College.
3. University of Nairobi.
4. Technical University of Kenya.
5. Multimedia University of Kenya.
6. Jomo Kenyatta University of Agriculture and Technology.
7. Masinde Muliro University of Science and Technology.

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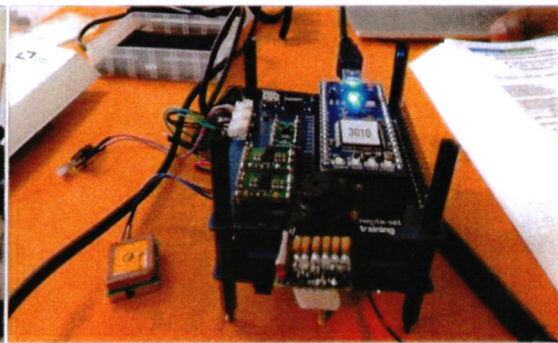
8. Moi University.
9. Dedan Kimathi University of Technology.
10. Machakos University.



Group photo with the HEPTA-Sat training participants



Trainees taking part in the practical session of training



Picture of the HEPTA-Sat kit



The Chairman Maj Gen(R)James Aruasa, Board Member Lt Gen Adan Mulata, Ag. DG Dr John Kimani and representative from CEMASTEAM during a group photo.

➤ **Strategic Plan 2nd Articulation Workshop**

An articulation workshop to review the second draft of the KSA Strategic Plan with Kenya Institute for Public Policy Research and Analysis (KIPPRA) was held on 25th November, 2019. In attendance were Board members and Management.

➤ **Swaminarayan GLOBE Community Outreach**

The Agency participated on the above workshop on 4th October 2019 at Mombasa, which was opened by the DG, Dr. Kimani. The aim of the workshop was sharing of findings by GLOBE students from Shree Swaminarayan Academy in Mombasa on research on mosquitoes using GLOBE's mosquito protocol and CLOBE Observer Mosquito Habitat mapper.



Dr. Kimani, Ag DG KSA, opening the GLOBE Program Community Action Workshop at Shree Swaminarayan Academy, Mombasa



GLOBE Students from Swaminarayan Academy presenting their GLOBE research findings Shree Swaminarayan Academy, Mombasa

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➤ **Participation in the Nairobi International Trade Fair**

The Agency participated in Nairobi International Trade Fair from 25th September to 6th October showcasing the 3D Printed Automatic Weather Station, public viewing of telescope and planetarium shows for schools.



HE. President Uhuru Kenyatta, Ag DG Dr. John Kimani and other dignitaries at the Kenya Space Agency stall during the Nairobi International Trade Fair

➤ **Training course on Remote Sensing, Space Science and Space Policy**

The Italian Space Agency (ASI) in collaboration with KSA and with support of United Nations Office for Outer Space Affairs (UNOOSA) hosted the above training at Broglio Space Centre (BSC) Malindi, Kenya from 9th to 13th December, 2019.



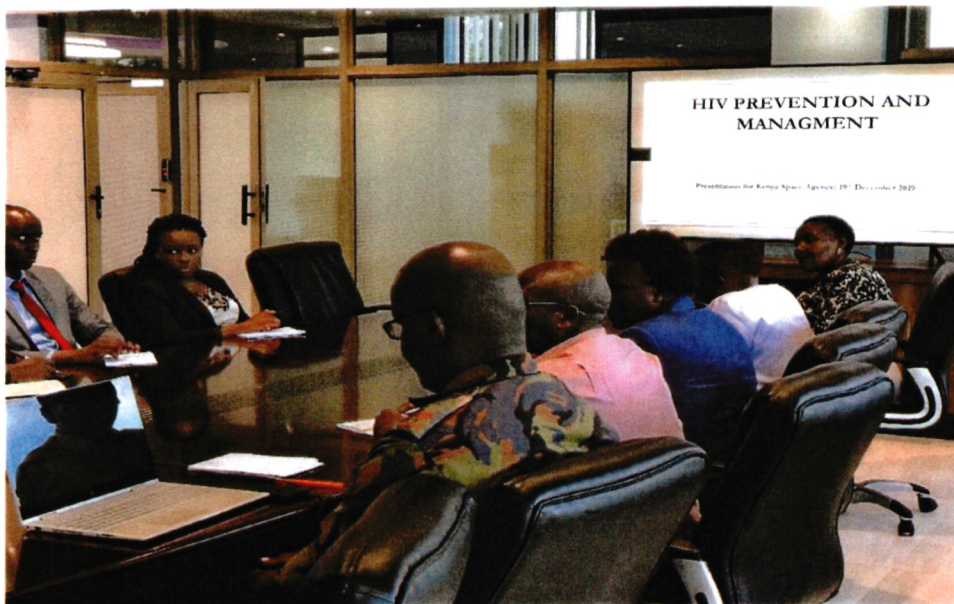
Ag. DG KSA Dr. John Kimani making his remarks



Student participating in the course session

➤ **HIV / AIDS Prevention Management and Communicable diseases sensitization forum**

The Agency conducted the above to staff on 19th December at KSA Board Room in line with Performance Contract.



Agency staff during the session

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The Ag. DG participating during the session

➤ **KSA Prayer Day**

The conducted a Prayer day on 19th December 2019 to bless the new offices and also for thanksgiving to God for year 2019.



The Ag. DG Dr. John Kimani, Rev Karanja and members of staff of KSA during prayer day

➤ **Preparation of Human Resource Instruments**

The management of the Agency together with officers from SCAC, PSC and MoD were involved in the preparation of the HR instruments in Naivasha at Sweet Lake Resort from 15th to 19th January 2020. The instruments are ready awaiting full Board approval.



Group photo Ag. DG Dr Kimani and officers at Sweet Lake Resort Naivasha.

➤ **Official opening of KSA offices**

The Cabinet Secretary Ministry of Defence officially opened the Agency offices on 22nd January 2020. The event was also attended by some board members and staff of the Agency



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The CS Ministry of Defence Amb Raychelle Omamo (SC) cutting the ribbon as the Ag. DG Dr Kimani, Board members Lt Gen Mulata and Eng. Nyakwaka witnesses.



The CS Ministry of Defence Amb Raychelle Omamo (SC) cutting the cake together with Ag. DG Dr Kimani, Board member Lt Gen Mulata and Ag.GM Lt Col Kamau.

➤ **Articulation meeting with KIPPRA**

The Ag. DG together with members of staff of the Agency and KIPPRA had an articulation meeting on strategic plan at KSA offices on 15th January 2020. KIPPRA is also a strategic partner.



Articulation meeting at KSA office

➤ **Bench marking exercise at Kenya Ordnance Factory Corporation (KOFC)**

The members of staff of the Agency undertook a bench marking exercise at KOFC from 11th-13th February 2020 at Eldoret. KOFC is a Semi-Autonomous Organization domiciled in the Ministry of Defence. This was motivated by need to learn the best practice from an organization of the same ministry.



Group photo GM KOFC Col Mwangi, Ag FM KSA CPA Karimi, SAS Mr. Ombima and members of staff from both KOFC and KSA at KOFC Hq Eldoret.

➤ **Partnership with County Governments.**

The Ag. DG Dr. Kimani together with members of staff from KSA had a meeting with officers from Council of Governors (CoG) on 9th March 2020 at CoG offices.

Also, the Ag. DG Dr. Kimani graced 7th Murang'a County Education day on 7th March 2020 at Murang'a Teachers Training College as way of continuous engagement with County Governments.

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Group photo at Council of Governors offices



Group photo Ag. DG Dr Kimani with other participants at Murang'a County Education day

➤ **Handing over / Taking over ceremony**

The management of the Kenya Space Agency bid farewell to Dr. John N Kimani the outgoing Acting DG during the handover Ceremony on Friday 19th June, 2020 at KSA Board room. Major General Thomas K Chepkuto, the incoming Acting DG presided over the ceremony which was attended by KSA staff.



Ag DG Maj Gen Thomas K Chepkuto making his remarks.

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➤ **Partnership with County Governments**

The Agency is focusing to do sensitization on utilization of space technology across the 47 counties. The Acting DG Maj Gen Thomas K Chepkuto together with the KSA Technical Team had a meeting on 30th June 2020 with the Governor of Tana River HE Maj (Rtd) Godhana Dhadho and his officers on how the Agency can support County Spatial Plans.



Group photo of Ag DG Maj Gen Chepkuto, HE Governor Maj (Rtd) Godhana and officers from the two Institutions.

The KSA Technical team had a meeting with the Council of Govenors representative and CEC Lands and Physical Planning Wajir County Ms Naema Somo. They discussed on how Space Technology applications can be used for Spatial Planning towards County Development.

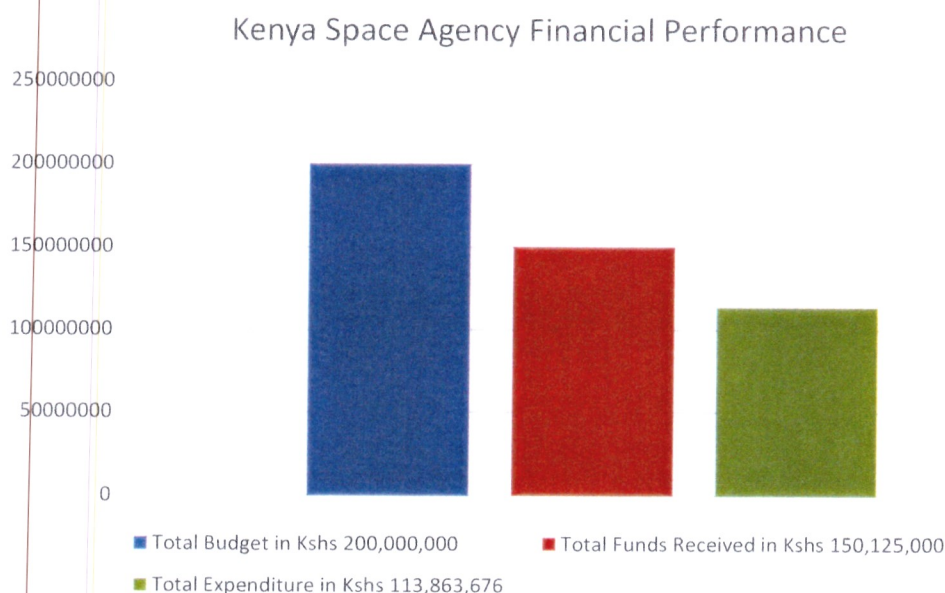


Photos of KSA Technical team, CECM Wajir County Ms Naema Somo together with representative from Council of Governors

➤ **Financial performance**

The Agency had a budget of Kshs 200,000,000 for FY 2019/2020. The total income during the period was Kshs 150,125,000 which comprised of grant from MOD of Kshs 150,000,000, proceeds from refund of retention monies of Kshs 100,000 and proceed from sale of prequalification documents of Kshs 25,000. The expenditure for the period was Kshs 98,464,676. The surplus for the period was Kshs 51,660,324. The Agency also acquired assets worth Kshs 15,399,000. The total expenditure inclusive of asset acquired was Kshs 113,863,676. The Ministry of Defence did not release fourth quarter allocation of Kshs 50,000,000. The absorption level stood at 57% of allocated funds.

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Section B

Entity's compliance with statutory requirements

The agency has complied with Treasury circular, relevant laws and regulation in financial reporting including timely submission of quarterly reports.

The Agency has strived to comply with tax and other statutory obligation. The Agency is tax compliant.

Section C

Project/Program	Status
1. Development of HR Instruments	Done
2. Engagement with Strategic Partners	Continuous and on going
3. Partnership with County Government	Continuous and on going
4. Capacity Building	Continuous and on going
5. Development of Data Centre	Acquired some soft wares and hardware

Section D

Major risks facing the entity

1. Lack of adequate human technical capacity.

Section E

Material arrears in statutory/financial obligations

None

Section F

The entity's financial probity and serious governance issues

None

**Kenya Space Agency
Annual Report and Financial Statements
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Report of the Directors

The Directors submit their report together with the financial statements for the year ended June 30th, 2020 which show the state of the Kenya Space Agency affairs.

Principal activities

The principal activities of the Kenya Space Agency are (continue to be) to develop and nurture a vibrant and viable domestic space industry.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page iv, v vi and vii.

Auditors

The Auditor General is responsible for the statutory audit of the Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


Corporate Secretary

Nairobi

Date *17 Sep 20*

Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012. section 14 of the State Corporations Act and section 17(2) of the executive order Legal Notice No.22 require the Directors to prepare financial statements in respect of that Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year/period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

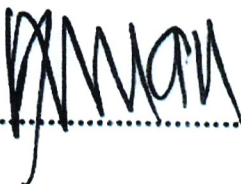
The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2020, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Agency's financial statements were approved by the Board on 17 September 2020 and signed on its behalf by:



.....

Chairperson of the Board



.....
Accounting officer/DG/CEO

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA SPACE AGENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Space Agency set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Space Agency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with international Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Space Agency Act, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Space Agency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no other key audit matters to report in the year under review.

Other Matter

Budget Control and Performance

The statement of comparative budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.200,000,000 and Kshs.177,518,612 respectively resulting to an under-funding of Kshs.22,481,388 or 11% of the budget. Similarly, the statement reflects final expenses budget and actual on comparable basis of Kshs.200,000,000 and Kshs.113,872,676 respectively resulting to an under expenditure of Kshs.86,127,324 or 43% of the budget.

The under-funding was mainly attributed to delay in disbursement of funds while the under-absorption is mainly attributed to delayed procurement process due to COVID 19 pandemic.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delay in Ratification of a New Agreement

As was reported in the previous audit report, the Government of the Republic of Kenya entered into an agreement with the Government of Italy on 14 March, 1995 for the establishment of a Satellite Tracking and Launching Station. This agreement was to run until 2010. Upon the expiry of the initial agreement, a new agreement between the Government of Kenya and the Government of Italy was signed on 24 October, 2016.

The new agreement had provided for various components. However, there was a delay in ratification of the agreement by the Parliament of the Government of Kenya. Management confirmed that they would follow up on the matter.

2. Failure to Provide Land Rent Records

As was reported in the previous audit report, Article III, Section 4 of the Agreement signed on 14 March, 1995 provided for an annual land rent of US Dollars 50,000. The amount of the land rent was to be reviewed after every five (5) years by the parties. Whereas the Ministry of Defence then was to facilitate collection of the land rent and thereafter remit to The National Treasury, the Agency did not provide supporting documents and records in respect of land rent from the date of the Agreement indicating how the funds were received, for the period between 1995 to 2015, or whether the rent due was reviewed after every five (5) years.

Further, Article VIII Section 5 (d) of the Agreement signed on 24 October, 2016 indicates that the Government of Italy through the Italian Space Agency was to pay for compensation to the Government of Kenya at the sum of US Dollars 250,000 annually for use of the land. The amount of the compensation was to be reviewed after every five years by the parties with an increment of US dollars 50,000. However, examination of records maintained at the Ministry of Defence revealed that the Government of Italy had remitted rental compensation amounting to US Dollars 750,000, for five years covering the period between 2015-2019 at a rate of US Dollars 150,000. No records were availed indicating when and how the annual rent was reviewed downwards to US Dollars 150,000. The amount which ought to have been remitted annually is US Dollars 250,000, totalling to US Dollars 1,500,000 for the six-year period. This has resulted to under remittance of US Dollars 750,000.

3. Lack of Progress Reports and Non-Collection of Fees

According to Article III, Section 5(i) of the Agreement signed on 24 October, 2016, the Government of Italy through the Italian Space Agency was to provide progress reports, on an annual basis, on the activities and progress with regard to cooperation under the Agreement.

As was reported in the previous audit report, these reports were to be used to determine the amount to charge to third parties for commercial services provided by the facility and due to the Government of Kenya as required under Article III, Section 5(f) of the Agreement. These reports were to be used to determine an annual authorization fee of 50% of the profit on contracts with each third party for the use of the facility and also the additional amount due to the Government of Kenya of US Dollars 50,000 for each contract as required under Article III, Section 5(g) of the Agreement.

A review of the position indicates that no progress reports or evidence of fees collected and remitted to the Government of Kenya were provided for audit verification. Consequently, it was not possible to determine identity of the third-party users and total revenue due during the year.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit and Key Policy Documents

Management did not avail supporting documents as evidence that the Agency had an internal auditor during the year under review. Further the Agency did not have a financial policy manual and ICT policy manual.

In the circumstances, I am unable to confirm the effectiveness of internal controls and governance. The Management has however confirmed that they will follow up on this.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Agency or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Agency monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 my 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease to continue to sustain its services.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I 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 my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

25 February, 2021

**Kenya Space Agency
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For the year ended June 30, 2020**

**Statement of Financial Performance
For the Year Ended 30 June 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from Other Governments	6	150,125,000	150,000,000
Total Revenue		150,125,000	150,000,000
Expenses			
Compensation to Employees	7	5,527,993	-
Board Expenses	8	12,221,929	11,048,998
Depreciation and Amortization Expense	9	17,730,951	4,432,738
Repairs and Maintenance	10	3,065,597	4,389,073
General Expenses	11	40,734,762	24,841,086
Space Programs	12	19,183,444	7,837,024
Total Expenses		98,464,676	52,548,919
Other Gains/(Losses)			-
Surplus Before Tax		51,660,324	97,451,081
Taxation			-
Surplus for the Period		51,660,324	97,451,081

The notes set out on pages 6 to 32 form an integral part of these Financial Statements

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2020**

**Statement of Financial Position
As at 30 June 2020**


	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	63,654,936	39,421,382
		63,654,936	39,421,382
Non-Current Assets			
Property, Plant and Equipment	14	85,456,470	87,788,420
		85,456,470	87,788,420
Total Assets		149,111,406	127,209,802
Liabilities			
Current Liabilities			
Trade and Other Payables from Non Exchange Transactions	15	-	29,758,721
		-	29,758,721
Non-Current Liabilities			
Total Liabilities			
Net Assets			
Capital Fund		85,456,470	87,788,420
Accumulated Surplus		63,654,936	9,662,661
		149,111,406	97,451,081
Total Net Assets and Liabilities		149,111,406	127,209,802

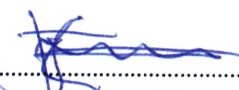
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


Ag. Director General
Maj Gen Thomas K Chepkuto

Ag. Finance Manager
CPA John Karimi
ICPAK Member No.10716

Chairperson of the Board
Maj Gen (Rtd) James Aruasa

Sign 
Date 21 December 2020

Sign 
Date 21/12/2020

Sign 
Date 21 December 2020

**Kenya Space Agency
Annual Report and Financial Statements
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**Statement of Changes in Net Assets
For the Year Ended 30 June 2020**

	Capital Fund	Accumulated surplus	Total
As at July 1,2019	92,221,158	9,662,661	101,883,819
For the period	15,399,000	51,660,324	67,059,324
As at June 30,2020	107,620,158	61,322,985	168,943,143
Less:Accumulated Depreciation	(22,163,689)	-	(22,163,689)
Sub Total	85,456,470	61,322,985	146,779,455
Add:Deffered Income Realized	-	17,730,951	17,730,951
Less:Adjustment for Capital Expenditure	-	(15,399,000)	(15,399,000)
As at June 30,2020	85,456,470	63,654,936	149,111,406

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2020**

**Statement of Cash Flows
For the Year Ended 30 June 2020**

Description	Notes	2019-2020	2018-2019
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Transfer from Other Governments	6	150,125,000	150,000,000
		150,125,000	150,000,000
Payments			
Compensation to Employees	7	(5,527,993)	-
Board Expenses	8	(12,221,929)	(11,048,998)
Repairs and Maintenance	10	(3,065,597)	(4,389,073)
General Expenses	11	(40,734,762)	(24,841,086)
Space Programs	12	(19,183,444)	(7,837,024)
		(80,733,725)	(48,116,181)
Net Cash Flows from Operating Activities		69,391,275	101,883,819
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment	14	(15,127,000)	(18,823,150)
Purchase of Motor Vehicle	14	-	(39,333,000)
Purchase of Furniture	14	(272,000)	(10,085,000)
Office Fitout	14	-	(23,980,008)
Increase/(Decrease) in Payables	15	(29,758,721)	29,758,721
Net Cash Flows Used in Investing Activities		(45,157,721)	(62,462,437)
Net Increase/(Decrease) in Cash and Cash Equivalents		24,233,554	39,421,382
Cash and Cash Equivalents as at 1 July 2019		39,421,382	-
Cash and Cash Equivalents as at 30 June 2020	13	63,654,936	39,421,382

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2020**

**Statement of Comparison of Budget and Actual Amounts
For the Year Ended 30 June 2020**

	Original Budget	Adjustments	Final Budget	Actual	Performance	Explanation of Material Variances
	2019-2020	2019-2020	2019-2020	Comparable Basis	Difference	
Revenue	Kshs		Kshs	Kshs	Kshs	
Government Grants and Other Income	200,000,000	-	200,000,000	150,125,000	49,875,000	The Ministry of Defence did not released the Fourth quarter allocation to the Agency. Refer to Financial Performance on page xiv
Surplus from Previous Period	-	-	-	9,662,661	(9,662,661)	
Add: Depreciation Reserve	-	-	-	17,730,951	(17,730,951)	
Total Income	200,000,000		200,000,000	177,518,612	22,481,388	
Expenses						
Compensation of Employees	9,709,814	-	9,709,814	5,527,993	4,181,821	The Agency hired employees on short term contracts. We are awaiting approval HR instruments by SCAC to enable the Agency hire employees on substantive terms. The key staff are attached from the Ministry of Defence and KDF.
General Expenses	52,083,785	-	52,083,785	40,148,962	11,934,823	Delayed procurement process due to COVID 19 Pandemic
Board Expenses	21,719,750	-	21,719,750	12,221,929	9,497,821	Postponement some board programs due to COVID 19 Pandemic
Repairs and Maintenance	3,780,000	-	3,780,000	2,263,117	1,516,883	Delayed procurement process due to COVID 19 Pandemic
Maintenance of Plant and Equipment	2,000,000	-	2,000,000	802,480	1,197,520	Delayed procurement process due to COVID 19 Pandemic
Purchase of Computers and Accessories	9,010,000	-	9,010,000	8,980,800	29,200	
Purchase of Furniture and Fitting	500,000	-	500,000	272,000	228,000	Delayed procurement process due to COVID 19 Pandemic
Provision for Depreciation	16,796,651	-	16,796,651	17,730,951	(934,300)	
Space Programs	84,400,000	-	84,400,000	25,924,444	58,475,556	Delayed procurement process due to COVID 19 Pandemic
Total Expenditure	200,000,000		200,000,000	113,872,676	86,127,324	
Surplus for the Period				63,645,936	(63,645,936)	Unspent balance at the end of the period

Budget notes

1. The differences between actual and budgeted amounts (10% over/ under) is explained above in accordance with IPSAS 24.14
2. The difference between original and final budget is due to reallocations in accordance with (IPSAS 24.29)
3. The difference between actual expenditure on the statement of financial performance and statement of comparison of budget and actual amount is due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) a reconciliation has been provided in Note 16

Notes to the Financial Statements

1. General Information

Kenya Space Agency is established by and derives its authority and accountability from Executive Order Legal Notice No 22. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to develop and nurture a vibrant and viable domestic space industry.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Agency.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Executive Order Legal Notice No22 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. This standard has no impact to the Agency

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Notes to the Financial Statements (Continued)

3 Adoption of New and Revised Standards (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>This standard has no impact to the Agency</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>This standard has no impact to the Agency</p>
Amendments to Other IPSAS resulting from IPSAS 41,	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>

iii. Early adoption of standards

The Agency did not early – adopt any new or amended standards in year 2020.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The Agency is not currently generating income.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly on 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations on the 2019-2020 budget following the governing body's approval

Kenya Space Agency has a budget of Kshs 200 Million channelled through the Ministry of Defence as a grant.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

c) Taxes (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

c) Taxes (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

4 Summary of Significant Accounting Policies (Continued)

h) Research and development costs (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

k) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. The Agency is not currently involved in borrowing.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

o) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5 Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying

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Notes to the Financial Statements (Continued)

5 Significant Judgments and Sources of Estimation Uncertainty (Continued)

amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made e.g rates of depreciating Property, Plant and Equipment.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6 Transfers from other Governments and other revenues

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfer from Other Governments	150,000,000	150,000,000
Revenue from Sale of Prequalification Documents	25,000	-
Other Income (Recovery from Retention)	100,000	-
Total Government Grants and Subsidies	150,125,000	150,000,000

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Notes to the Financial Statements (Continued)

6b) Transfers from other governments

Name of the Entity sending Grant	Amount recognized to the Statement of Comprehensive Income	Amount deferred under Deferred Income	Amount recognized in Capital Fund	Total Grant Income during the Year	2019-2020
Ministry of Defence	150,000,000	-	-	150,000,000	150,000,000
Total	150,000,000	-	-	150,000,000	150,000,000

7 Compensation to Employees

Description	2019-2020 Kshs	2018-2019 Kshs
Hire of Short-term Contracts	5,527,993	-
Total Compensation to Employees	5,527,993	-

8 Board Expenses

Description	2019-2020 Kshs	2018-2019 Kshs
Chairman's Honoraria and Telephone	1,044,000	2,020,576
Board Members Emoluments	7,297,025	7,658,931
Conferences, Seminars, Secretariat and Catering Expenses	3,880,904	1,369,491
Total Board Expenses	12,221,929	11,048,998

9 Depreciation and Amortization Expenses

Description	2019-2020 Kshs	2018-2019 Kshs
Depreciation and Amortization Expenses		
Plant and Equipment	849,000	212,250
Furniture	1,260,625	315,156
Motor Vehicle	9,833,250	2,458,313
Telecommunication Equipment	438,540	109,635
Computers	2,951,535	737,884
Office Fitout	2,398,001	599,500
Total Depreciation and Amortization	17,730,951	4,432,738

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Notes to the Financial Statements (Continued)

10 Repairs and Maintenance

Description	2019-2020	2018-2019
	Kshs	Kshs
Equipment	802,480	30,000
Motor Vehicles	2,263,117	4,359,073
Total Repairs and Maintenance	3,065,597	4,359,073

11 General Expenses

Description	2019-2020	2018-2019
	Kshs	Kshs
Refined Fuel, Oil and Lubricants	2,026,220	3,099,300
Water and Sewerage	125,000	31,319
Postal Services	-	10,010
Catering and Hospitality	1,684,232	129,642
Telephone, Telex, Mobile and Internet Services	1,871,394	616,086
Advertising and Publicity	1,082,388	692,000
Rent and Rates	8,005,611	6,034,296
Electricity	487,139	-
Membership Subscription	384,559	721,436
Domestic Travel and Accommodation	10,430,057	1,571,835
Foreign Travel and Accommodation	1,402,225	3,298,831
Computer Accessories and Supplies	1,344,800	-
General Office Supplies	5,770,686	8,237,006
Bank Charges	75,744	22,835
Sanitary and Cleaning Services	571,408	376,490
Office Refurbishment	5,473,299	-
Total General Expenses	40,734,762	24,841,086

12 Space Programs

Description	2019-2020	2018-2019
	Kshs	Kshs
Training and Workshop	1,851,645	364,220
Capacity Building	17,131,799	1,500,000
Strategic Plan	-	5,236,754
Consultancy	200,000	736,050
Total Space Programs	19,183,444	7,837,024

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Notes to the Financial Statements (Continued)

13 Cash and Cash Equivalents

Description	2019-2020	2018-2019
	Kshs	Kshs
Current Account	63,654,936	39,421,332
Others(Cash at Hand)	-	50
Total Cash and Cash Equivalents	63,654,936	39,421,382

13 (A). Detailed Analysis of the Cash and Cash Equivalents

Description	2019-2020	2018-2019
	Kshs	Kshs
Financial Institution		
a) Current Account		
Cooperative Bank of Kenya	63,654,936	39,421,332
Sub- Total	63,654,936	39,421,332
b) Others(Specify)		
Cash in Transit	-	-
cash in Hand	-	50
Mpesa	-	-
Sub- Total		50
Grand Total	63,654,936	39,421,382

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Notes to the Financial Statements (Continued)

14 Property, Plant and Equipment

Property, Plant and Equipment	Plant and Equipment		Furniture and Fittings		Telecommunication Equipment		Motor Vehicle		Computers		Office Fitout		Total
	12.5%	Kshs	12.5%	Kshs	20%	Kshs	25%	Kshs	30%	Kshs	10%	Kshs	
At 1 July 2019													
Additions	6,792,000		10,085,000		2,192,700		39,333,000		9,838,450		23,980,008		92,221,158
Disposals	750,000		272,000		6,741,000		-		7,636,000		-		15,399,000
Transfer/Adjustments													
At 30 June 2020	7,542,000		10,357,000		8,933,700		39,333,000		17,474,450		23,980,008		107,620,158
Depreciation and Impairment													
At 1 July 2019		212,250	315,156		109,635		2,458,313		737,884		599,500		4,432,738
Depreciation for the Year	849,000		1,260,625		438,540		9,833,250		2,951,535		2,398,001		17,730,951
Impairment													-
Transfer/Adjustment													-
At 30 June 2020	1,061,250		1,575,781		548,175		12,291,563		3,689,419		2,997,501		22,163,689
Net Book Values													
At 30 June 2020	6,480,750		8,781,219		8,385,525		27,041,438		13,785,031		20,982,507		85,456,470
At 30 June 2019	6,579,750		9,769,844		2,083,065		36,874,688		9,100,566		23,380,508		87,788,420

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Notes to the Financial Statements (Continued)

15 Trade and Other Payables from Exchange Transactions

Description	2019-2020	2018-2019
	Kshs	Kshs
Trade Payables		29,758,721
Other Payables	-	-
Total Trade and Other Payables	-	29,758,721

16 Cash Generated from Operations

		Kshs	Kshs
Surplus for the year before tax		51,660,324	97,451,082
Adjusted for:			
Depreciation		17,730,951	4,432,738
Net cash flow operating activities		69,391,275	101,883,819

17 Reconciliation for difference of Actual Amounts in Statement of Comparison of Budget and Statement of Financial Performance

Description	2019-2020
	Kshs
Actual Expenditure as per Statement of Financial Performance	98,464,676
Add:Purchase of Property,Plant and Equipment	15,399,000
Actual Expenditure as per Statement of comparison of Budget and Actual Amounts	113,863,676

Notes to the Financial Statements (Continued)

18 Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total Amount	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Bank Balances	63,654,936	63,654,936	-	-
Total	63,654,936	63,654,936	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's

Notes to the Financial Statements (Continued)

(ii) Liquidity risk management (Continued)

short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 Month	Between 1-3 months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade Payables	-	-	-	-
Provisions	-	-	-	-
Total	-	-	-	-

(iii) Market risk

The Agency currently not faced by market risk since no financial instrument are being traded.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	51,660,324	97,451,082
Capital Reserves		-
Total funds	51,660,324	97,451,082
Total Borrowings	-	-
Less: Cash and Bank Balances	(63,654,936)	(39,421,382)
Net Debt /(excess Cash and Cash Equivalents)	(63,654,936)	(39,421,382)
Gearing	N/A	N/A

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Notes to the Financial Statements (Continued)

19 Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Agency, holding 100% of the Agency's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	150,000,000	150,000,000
Grants from County Government	-	-
Donations in kind	-	-
Total	150,000,000	150,000,000
b) Key management compensation		
Directors' emoluments	12,221,929	11,048,998
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	12,221,929	11,048,998

20 Events After the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

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Notes to the Financial Statements (Continued)

21 Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Defence. Its ultimate parent is the Government of Kenya.

22 Currency.

The financial statements are presented in Kenya Shillings (Kshs).

23 Revenue

The Ministry of Defence collected and accounted for USD 150,000 on behalf of Kenya Space Agency as annual rent for year under review.

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Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

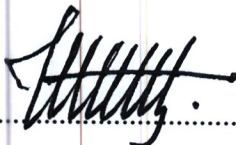
The Agency has no outstanding audit issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A			

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Ag. Director General



Date.....

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Appendix II: Projects Implemented by the Entity

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.
The Agency had no funding from the development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A	N/A				
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A						
2							
3							

Appendix III: Inter-Entity Transfers

Entity Name:		Kenya Space Agency		
Break down of Transfers from the State Department of Defence				
FY 2019/2020				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	07.10.2019	50,000,000	2019/2020	
	08.01.2020	50,000,000	2019/2020	
	07.07.2020	50,000,000	2019/2020	
	Total	150,000,000		
b. Development Grants				
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		-		
		-		
		-		
	Total	-		
c. Direct Payments				
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		-		
		-		
		-		
	Total	-		
d. Donor Receipts				
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		-		
		-		
		-		
	Total	-		

The above amounts have been communicated to and reconciled with the parent Ministry

Ag. Finance Manager
Kenya Space Agency

Sign _____

Head of Accounting Unit
Ministry of Defence

Sign _____

Kenya Space Agency
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Appendix IV: Recording of Transfers from Other Government Entities

Name of the Donor transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Defence	07.10.2019	Recurrent	50,000,000			-		50,000,000
Ministry of Defence	08.01.2020	Recurrent	50,000,000			-		50,000,000
Ministry of Defence	07.07.2020	Recurrent	50,000,000			-		50,000,000
Total			150,000,000			-		150,000,000