

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 16 FEB 2022	
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CLERK-AT THE TABLE:	S. Kalawa

THE AUDITOR-GENERAL

ON

KENYA SPACE AGENCY

**FOR THE YEAR ENDED
30 JUNE, 2021**





KENYA SPACE AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2021

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

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021



Table of Contents	Page
1. Key Entity Information and Management	ii
2. The Board of Directors	v
3. Management Team	ix
4. Chairperson's Statement.....	xi
5. Report of the Ag. Chief Executive Officer.....	xii
6. Statement of Kenya Space Agency's Performance Against Predetermined Objectives for FY 2020/2021	xiii
7. Corporate Governance Statement	xvii
Board Committees	xviii
8. Management Discussions and Analysis	xx
9. Environmental and Sustainability Reporting.....	xxxix
10. Report of the Directors.....	xlii
11. Statement of Directors' Responsibilities	xliii
12. Report of the Independent Auditors for the Financial Statements of Kenya Space Agency	xliv
13. Statement of Financial Performance for the Year Ended 30 June 2021	1
14. Statement of Financial Position As at 30 June 2021.....	2
15. Statement of Changes in Net Assets	3
16. Statement of Cash Flows For the Year Ended 30 June 2021	4
17. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2021	5
18. Notes to the Financial Statements.....	6
APPENDIX.....	30
Appendix 1: Progress on Follow Up of Auditor Recommendations	30
Appendix II: Projects Implemented by the Entity	31
Appendix III: Inter-Entity Transfers.....	32
Appendix IV: Recording of Transfers from Other Government Entities	33

1. 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. The Mandate of the Agency is to promote, coordinate and regulate space related activities in Kenya. The space sector plays a vital role in the realization of Big Four Agenda and Vision 2030 through promotion of utilization of space applications and the space economy. The derived services and information enhance economic growth through wealth creation, job creation and technological advancements for decision-making.

(b) Principal Activities

The principal activity of the Kenya Space Agency is to promote, coordinate and regulate space activities as well as develop and nurture a vibrant and viable domestic space industry in Kenya.

Vision

To be a premier space agency in promotion of access and effective utilization of space economy for National sustainable development.

Mission

To coordinate, nurture and develop Kenya's space sector to maximise the utilization of space opportunities.

Core values

Excellence, professionalism, integrity and commitment.

The Strategic Objectives are:

- To enhance coordination of space related activities by establishing linkages among government agencies and institution, industry and researchers.
- To establish a viable space program that promotes a vibrant indigenous space industry that responds to the needs of the country.
- To institute sustainable capacity building and outreach programmes in the space sector.
- To develop infrastructure for access to space and for provision of space derived services.
- To support national security and defence capability.
- To promote national and international cooperation through mutually beneficial collaborations, partnerships and linkages.
- To promote research and development in space science.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

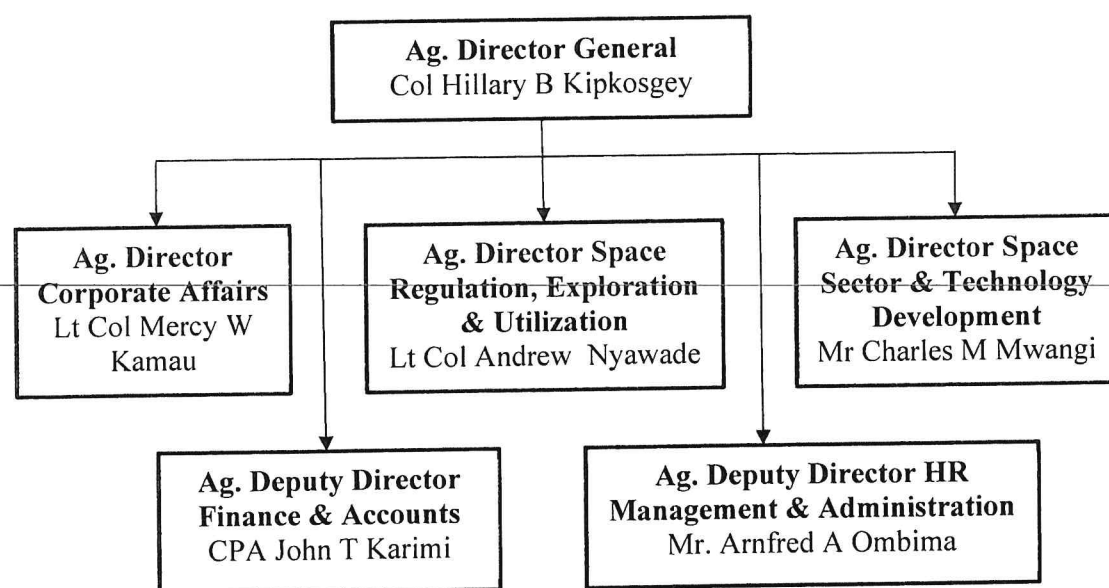
(c) Key Management

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:



(e) Fiduciary Oversight Arrangements

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

- Finance and Administration Committee
- Governance Committee
- Audit, Risk and Compliance Committee
- Strategy and Technical Committee.

(f) Headquarters

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

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

(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

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021


2. 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. He holds 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>Brig Patrick M Nderitu, MBS Board Member Representative of the Chief of Defence Forces</p>	<p>Brig Nderitu was born in the year 1964. He is an alumnus of the Royal College of Defence Studies (UK).</p> <p>He has been Director International Peace Support Training Centre (IPSTC) and Commandant Joint Warfare Centre (JWC).</p> <p>Currently he is the Director General National Security Telecommunications Service (NSTS).</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 holds 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>

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

 <p>Eng. Philip Ndolo Nyakwaka Board Member Independent</p>	<p>Eng. Nyakwaka was born in year 1963. He holds 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 holds 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>

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

 <p>Dr. Mucemi Kanyungo Gakuru, PhD Board Member Independent</p>	<p>Dr. Mucemi was born in the year 1964. He holds 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</p>
 <p>Mr Kennedy Okondo Board Member Alternate to PS Defence</p>	<p>the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works. He is also Team Leader for the Implementation of World Bank Financed Projects at Kenya Railways. Dr. Gakuru represents Kenya Railways in the Nairobi Area Metropolitan Transport Authority - NaMATA and in the Nairobi Metropolitan Services Improvement Project – NaMSIP He is the owner and CEO of Teknobyte Ltd</p>
 <p>Dr. Doris Nyakondo Mutta, PhD Board Member Independent</p>	<p>Mr. Okondo was born in the year 1967. He holds 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.</p>
 <p>Dr. Doris Nyakondo Mutta, PhD Board Member Independent</p>	<p>Dr. Mutta was born in the year 1964. She holds 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.</p>



Eng. Vincent Adul
Board Member
Alternate to PS ICT

Eng. Adul was born in the year 1960. He holds 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.






Col Hillary B Kipkosgey 'awc'(US) 'pcs'(K)
'pcs'(TZ)
Ag. DG / Secretary to the Board

Col Kipkosgey was born in the year 1969. He assumed the position of Ag. DG / CEO of KSA on 29 June 2021. He holds Master in Strategic Studies from US Army War College, Master of Science in Communication and Information Systems from Beijing University of Aeronautics & Astronautics, Postgraduate Diploma in Strategic Studies from University of Nairobi and Bachelor of Technology in Electrical and Communications Engineering from Moi University. His work experience spans a period of 28 yrs, 26 yrs in the military and 2 yrs in the private sector. He was commissioned into the Kenya Defences Forces in 1994 and rose through the ranks to become Colonel in July 2016. He has served in various appointments in command and staff. His last appointment was the Head of Logistics and Maintenance at the Multi-agency National Air Support Department (NASD). Previously he served as Defence Attaché at Washington DC, Commanding Officer Technical Wing at Moi Air Base, Head of Coordination at the National Counter Terrorism Centre, among others. He has undergone various military courses including Army War College, Senior Command Course, Senior Command and Staff Course and Defence Staff Course, among others

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

3. Management Team

Name of the Staff	Responsibility
 <p>Col Hillary B Kipkosgey 'awc'(US) 'pcs'(K) 'pcs'(TZ) Ag. DG / Secretary to the Board</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 Director Corporate Services</p>
 <p>Maj Andrew Nyawade Master in Space Systems and Services Member of IEEE</p>	<p>Acting Director Space Regulation, Exploration & Utilization</p>



Mr. Charles Mwangi

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

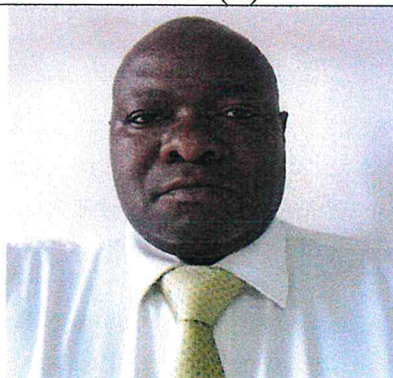
**Acting Director Space Sector
 & Technology Development**



CPA John Karimi

Master of Science in Commerce, Bachelor of
 Commerce (Finance option)
 CPA (K)

**Acting Deputy Director
 Finance & Accounts**



Mr. Arnfred Ombima

Bachelor of Arts in Government and Public
 Administration

**Acting Deputy Director
 Human Resource
 Management &
 Administration**

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**

4. Chairperson's Statement



It is my great pleasure and honour to present the Annual Report and Financial Statements for the year ended 30th June 2021. This report highlights the milestones that Kenya Space Agency (KSA) has so far achieved under the inaugural Board of Directors whose term is also drawing to an end. The Board has put in place structures to operationalize the Agency, in line with "Mwongozo", The Code of Conduct for State Corporations. We are cognizant of the fact that these are extremely challenging times in all aspects of life and work for humanity globally due to Covid-19 Pandemic.

The COVID-19 pandemic has greatly affected operations of the Agency due to budget rationalization. Despite the challenges arising from the pandemic, the Government instituted measures to ensure resources are available for the most critical requirements.

Over the past year, the Agency has made great strides to realize its mandate of promoting and coordinating space related activities in Kenya. Key among these is the launch of the Kenya Space Agency Strategic Plan 2020-2025 on 21st October 2020. This initial Strategic Plan will guide the development of the Agency and the National Space Programme as espoused in the Kenya Space Strategy 2016. Following the approval of the Human Resource (HR) instruments by the State Corporation Advisory Committee (SCAC), the Agency has finalized the development of Job Descriptions Manual and submitted it to the Salaries and Remuneration Commission (SRC) for approval and subsequent implementation.

During this period, the Board initiated recruitment of a substantive Director General. However, this process was not successful as none of the interviewed candidates met the threshold requirement. It is also during this period that the Board presided over the change of guard at the helm of the Agency with Col Hillary B. Kipkosgey assuming the reins of the Acting Director General from Maj Gen (Rtd) Thomas Chepkuto who is proceeding on diplomatic assignment.

Cooperation on peaceful uses of outer space is a tenet by which the Agency will endeavour to build technical capability for Kenya's socio-economic development and harness the potential of space science, technology and applications. In this regard, the Board will continue to foster mutually beneficial partnerships while protecting national interests.

Sign


Maj Gen (Rtd) James Aruasa, CBS

5. Report of the Ag. Chief Executive Officer



I am honoured to present the progress made by the Kenya Space Agency over the past one year in promotion and development of the local space sector. During the period, great effort was focused on institutional capacity building and stakeholder engagement. In particular, the Agency awarded research grants to eight (8) Public Universities to catalyse research in Nanosatellite Development and Operational Space Weather. These two initiatives are geared towards building capacity in space science, space systems engineering and space systems design & development, as well as capacity for space situational awareness.

KSA also undertook several education and outreach initiatives to engage with the education sector to promote space science & technology and outreach to the public. KSA hosted stakeholders to a forum “The Space Sector We Want: A Conversation” from 24th to 25th February 2021 to deliberate on issues affecting the space sector. We are privileged to report that the forum highlighted challenges impeding growth in the space sector such as data, infrastructure, capacity development, coordination, legislation, awareness, research and development, and funding. As an outcome of the forum, the stakeholders proposed critical strategic interventions by KSA to address the challenges.

Further, KSA won a research grant under the Group on Earth Observations (GEO) - Google Earth Engine (GEE) Program for technical support and capacity building to use GEE platform to develop Earth Observation products on Forests, Urbanization and Floods/Landslides. A project team comprising relevant stakeholders was constituted and identified Aberdare Forest as the pilot area of study. The team concluded the development of products and report on forest change and has embarked on urbanization modelling.

Kenya, through KSA, Egypt and Uganda submitted a joint application and got prequalified for an opportunity to host a Climate Camera on the Bartolomeo module on-board the International Space Station (ISS). This opportunity was offered by the United Nations Office for Outer Space Affairs (UNOOSA) and Airbus under “Accessing Space with the International Space Station (ISS) Bartolomeo Platform” programme for emerging countries to access space. In addition, Kenya is participating in the African Development Satellite (Af-Dev Sat) initiative, an African Space Agency initiative led by Egyptian Space Agency aimed at bringing together African nations to develop a space system to monitor climate change as well as build the technical capacity for the participating countries.

It is worth noting that the bilateral agreement between the Government of the Republic of Kenya and the Government of the Italian Republic on the Luigi Broglio – Malindi Space Centre was ratified on 15th October 2020. This agreement, provides KSA an avenue for collaboration with the Italian Space Agency to build its capacity, train Kenyan nationals in space related disciplines, access satellite data for application in various sectors and pursue other areas of common interest for societal benefits.

Sign.....

Col Hillary B Kipkosgey ‘awc’(USA) ‘pcs’(K) ‘pcs’(TZ)

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021



6. Statement of Kenya Space Agency's Performance Against Predetermined Objectives for FY 2020/2021

Kenya Space Agency has seven strategic pillars/ themes/issues and objectives within the current Strategic Plan. In line with section 81 (2) (f) of the Public Finance Management Act, 2012 that requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. These strategic pillars are as follows:

1. To enhance coordination of space related activities by establishing linkages among government agencies and institution, industry and researchers.
2. To establish a viable space program that promotes a vibrant indigenous space industry that responds to the needs of the country.
3. To institute sustainable capacity building and outreach programmes in the space sector.
4. To develop infrastructure for access to space and for provision of space derived services.
5. To support national security and defence capability.
6. To promote national and international cooperation through mutually beneficial collaborations, partnerships and linkages.
7. To promote research and development in space science

The Agency develops its annual work plans based on the above seven pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2020/2021 period for its strategic intent, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Knowledge management	Knowledge platform/data repository established	Installing equipment for data centre.	Equipment for data centre installed
	platform to facilitate information management for timely decision making		Developing applications to be hosted in this platform	Development of applications in progress
Pillar/ theme/ issue 2:	Establishment of partnerships and programs that impact positively on KSA mandates	Reviewed KSA policy on related Programs	Formation of working group to review the action plans during	Implementation of the bilateral agreement between Kenya and Italy on

			<p>implementation of the ratified Kenya-Italy agreement</p> <p>Engagement with India High commissioner to share insights with Indian Space Research Organization</p>	<p>the Luigi Broglio – Malindi space centre</p> <p>Collaboration in Capacity building, access to Earth observation data, Remote sensing, satellite manufacturing, communication and Navigation</p>
Pillar/ theme/ issue 3:	Framework towards development of space bill and review of policies	Draft space bill	Development of draft space bill	Study on existing Space Legislations in other jurisdictions on going
Pillar/ theme/ issue 4:	Capacity building and outreach interventions to promote uptake and use of space technology	Improved capability among staff and stakeholders	<p>Technical support and capacity building under group on earth observations (GEO)</p> <p>Develop earth observation analysis products on forests, urbanisation, floods and landslides under google earth engine (GEE)</p> <p>Training on mapping of scheduled crops</p>	<p>Adoption and utilization of space-derived data in decision-making.</p> <p>Use of satellite imagery to inform decisions</p> <p>Use of earth observation data in agriculture</p>

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Pillar/ theme/ issue 5:	Implement post covid -19 recovery strategies and plans	A well-developed safety and healthy culture on	Provision of sanitisers and Temperature checks	Temperature checks done daily and sanitizers placed at key points.
		prevention of covid -19	Training employees to monitor themselves for signs of infection. Adequate social distance Reduced communal Tables	Opening of technical offices on 2 nd floor, Rearranging of desks to create social distance, Conducting meetings virtually.
		Workplace safety	Visitors handling protocols Increased online fraud	Visitors are required to book appointment, Sanitizers are strategically placed at the entrance; visitor's seats are well labelled to avoid crowding A training on information security management done.
		Managed Social effect	Working virtually	During meetings, members are required to attend virtually with only the chair and secretary physically present

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

			<p>Negative impact on people's health</p> <p>How to isolate After contracting covid 19 and return to work formula</p>	<p>Staff of KSA have been vaccinated</p> <p>A member of staff after contracting covid 19, should not report to work. Isolation is highly recommended.</p>
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7. Corporate Governance Statement

Corporate governance is the structure and system of rules, practices and processes by which an organization is directed, controlled and held accountable. It involves balancing the interest of all stakeholders. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in an organization. Kenya Space Agency has been exercising corporate governance. This has helped to achieve the strategic objectives as well as help in proper implementation of work plans.

The board is comprised of the chair and nine board members.

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 2020/2021, the Board held four (4) Ordinary Board Meetings and Four (4) Special Board Meetings. This was aimed at having a structure and system of rules, practices and processes by which Kenya Space Agency is directed, controlled and, held accountable. The main challenge is that the Principal Secretary, The National 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 twelve (12) members.

During the First Ordinary Board Meeting held on 23rd July, 2020, the attendance was eleven (11) out of twelve (12). In the Second Ordinary Board Meeting held on 13th October 2020, the attendance was ten (10) out of Twelve (12). During the Third Ordinary Board Meeting held on 13th January, 2020, the attendance was eleven (11) out of twelve (12). In the Fourth Ordinary Board Meeting held on 15th April, 2020, the attendance was Eight (8) out of twelve (12). In the First Special Board Meeting held on 16th September, 2020, the attendance was ten (10) out of twelve (12). During the Second Special Board Meeting held on 17th September, 2020, the attendance was ten (10) out of twelve (12). In the Third Special Board Meeting held on 18th November, 2020, the attendance was ten (10) out of twelve (12). During the Fourth Special Board Meeting held on 24th June, 2021, the attendance was ten (10) 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 has 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. Interviewing of candidates was done on 10th and 11th November 2020. All candidates were unsuccessful and therefore the position will be re-advertised.

The list of Board members and their particulars is as follows;

Board members

S/No.	Name	Position	Gender	Date of Appointment	Expiry date
1.	Maj Gen (Rtd) James Aruasa	Chairman	M	16/7/2018	15/7/2021
2.	Brigadier D M Nderitu	Alternate to CDF	M	22/3/2021	

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

3.	Dr. Doris Mutta	Independent	F	16/7/2018	15/7/2021
4.	Dr. Mucemi Gakuru	Independent	M	16/7/2018	15/7/2021
5.	Eng. Philip Nyakwaka	Independent	M	16/7/2018	15/7/2021
6	Ms. Joan Chesoni	Alternate to AG state law	F	30/7/2018	
7	Ms. Stella Aura	Alternate to PS Environment	F	8/11/2018	
8	Eng. Vincent Adul	Alternate to PS ICT	M	18/9/2018	
9	Dr. David Otswana	Alternate to PS Higher Education	M	18/9/2018	
10.	Mr. Kennedy Okondo	Alternate to PS Defence	M	6/4/2019	

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. According to Mwongozo, the board should at a minimum focus on; A review of management's implementation strategies, policies and plans; Risk assessment and Management; Budgeting and Financial Management; Quality Assurance processes; Board evaluation; Strategic planning and Review; Governance and compliance; Competency development for board members. To achieve this, Board committees were constituted as follows:

Board Committees

Name of the Committee	Members
Finance and Administration Committee	<ol style="list-style-type: none"> 1. Dr. Mucemi Gakuru, PhD (Chair) 2. Eng. Vincent Adul 3. David Otswana, PhD 4. Dr. Doris Mutta, PhD 5. Ms. Stella Aura, MBS 6. CPA John Karimi (Secretary)
Governance Committee	<ol style="list-style-type: none"> 1. Eng. Vincent Adul (Chair) 2. Dr. Doris Mutta, PhD 3. Brig Patrick Nderitu 4. Dr. Mucemi Gakuru, PhD 5. PS National Treasury Rep 6. Lt Col Mercy Kamau (Secretary)
Audit, Risk and Compliance Committee	<ol style="list-style-type: none"> 1. Eng. Philip Nyakwaka (Chair) 2. Mr. Kennedy Okondo 3. Ms. Joan Chesoni 4. Brig Patrick Nderitu

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

	5. David Otwoma, PhD 6. Mr. Arnfred Ombima (Secretary)
	1. Ms. Stella Aura, MBS (Chair) 2. Eng. Philip Nyakwaka 3. Mr. Kennedy Okondo
Strategy and Technical Committee	4. Ms. Joan Chesoni 5. PS National Treasury Rep 6. Lt Col Andrew Nyawade (Secretary)

The Finance and Administration Committee objective is to advise the board on its obligation and oversight responsibilities relating to financial planning and property affairs of the Agency. Other roles include; Review of annual and supplementary budget, review of quarterly and annual financial reports, and review of procurement plan and monitoring of performance against the set objectives.

The Governance Committee ensures that a robust and effective process for evaluating the performance of the Board, board committees and individual directors. In addition, it ensures that the Board fulfils its legal, ethical and functional responsibilities. The other roles include; developing and reviewing the Agency's governance policies and procedures, developing board annual work plans, induction of new members of the Board and annual assessment of Board performance. During the year, Board evaluation exercise was carried out on 16th September 2020 out in accordance with the State Corporation Advisory Committee.

Audit, Risk and Compliance Committee provides for a structured, systematic oversight of KSA governance, risk management and internal control practices.

Strategy and Technical Committee provide a forum for the review and discussion of policies, processes and activities of strategic, technical or legal perspective. A Board charter has been developed and adopted. It defines the roles, functions and responsibilities of the Board.

Board remuneration 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. Insurance cover is provided for independent members and per diem and transport is paid to Board members who resides out of Nairobi. The Board expenses for the year was Kshs 13, 132,019. 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 2020/2021 was vetted on by Public Service Performance Management Unit (PSPMU) and upon approval, it was signed on 28th September 2020.

8. Management Discussions and Analysis
Section A

The Entity's Operational and Financial Performance

a. Production of licences and technical support

The Group on Earth Observations (GEO) and Google Earth Engine (GEE) selected Kenya Space Agency Natural Resource Management Google Earth Engine Projects in July 2020. GEO and GEE announced 32 projects from 22 countries that were to be awarded \$3 million USD towards production licenses and \$1 million in technical support from Earth Observation (EO) Data Science to tackle some of the world's greatest challenges using open Earth data. This offered training opportunity to KSA technical team thus enhancing capacity building. The Agency benefited from a 4 days virtual training conducted between 14th-17th September 2020. The platform enabled Kenya Space Agency to support the County Governments in Kenya to develop Earth Observation products and build their capacity on the adoption and utilization of space-derived data in decision making.

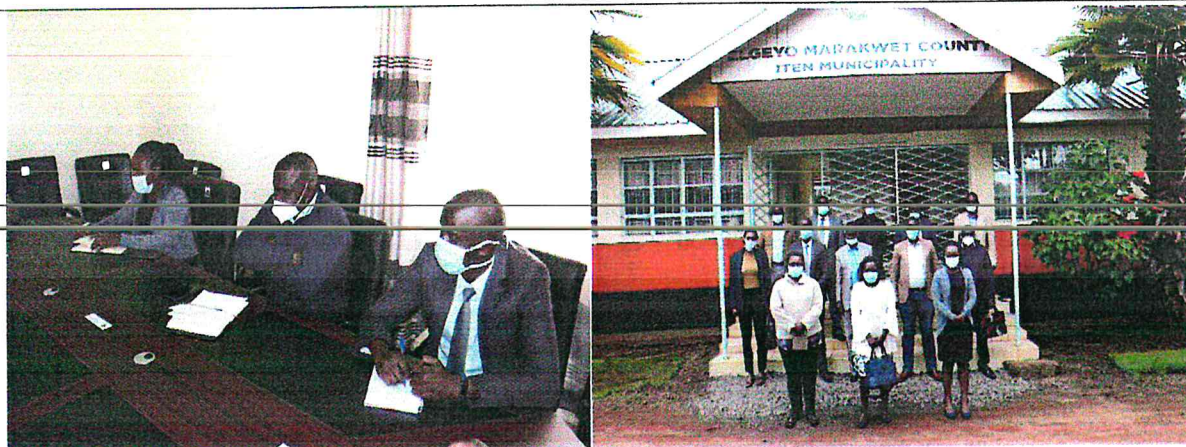


Photo of KSA staff in project development meeting

b. Consultative meetings at Uasin Gishu and Elgeyo Marakwet Counties

The Agency staff visited Uasin Gishu and Elgeyo Marakwet counties on 16th & 17th July 2020 to assess the needs of counties in the utilization of the analysis of satellite imagery for development through supporting planning, identification and monitoring of resources in the Counties.

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**



Photos of KSA officers together with staff from County Governments

c. ESRI Trainings

Kenya Space Agency technical staff attended virtual trainings on 3rd to 7th August and 24th to 28th August 2020 conducted by Environmental Systems Research Institute (ESRI) to build capacity in analysis of imagery. This training impact skills for utilizing Geospatial Information Systems (GIS) software.

d. Corruption Prevention Committee training

KSA Corruption Prevention Committee (CPC) was taken through an online training with facilitators from EACC from 17th -18th August 2020. This was to sensitize the CPC members on their role in fighting institutional corruption and prevention measures.



Photo of KSA CPC members during training session

e. Research Chairs

KSA management held a briefing session on 8th September 2020 for the faculty of the institutions that had declared intent of participation in the advertised Research Chair sponsorship opportunities on Nanosatellite Development and Operational Space Weather. Ag DG Maj Gen Thomas Chepkuto and the technical staff took faculty leads through a brief introduction about KSA. The proposals were submitted on 18th September 2020. A judging panel was constituted which

reviewed the proposals as well as virtual presentations and submitted their report on 29th September 2020 to the Ag. DG. An award virtual meeting chaired by the Ag. DG Maj Gen Thomas Chepkuto was convened on 30th September 2020 and the following were awarded the research chairs; -

1) Nanosatellite Development

University of Nairobi, Jomo Kenyatta University of Agriculture and Technology, Technical University of Kenya, Moi University and Kenyatta University

2) Operational Space Weather

Taita Taveta University ,Dedan Kimathi University & University of Eldoret.



Photo of Ag.DG Maj Gen Thomas K Chepkuto together with KSA staff members during the session

f. Official Visit at Luigi Broglio Space Centre, Malindi Visit by CS Defence, KSA Board members and KSA management

Cabinet Secretary Ministry of Defence Amb. Dr. Monica Juma on 22nd August 2020 accompanied by Chairperson of KSA Board Maj Gen (Rtd) James Aruasa, Board Members Lt Gen Adan Mulata and Dr Doris Mutta and Ag. DG Maj Gen Thomas Chepkuto visited the Malindi Space Centre to familiarize themselves with the activities at the Base in relation to Space Programmes.



Group photo of CS Defence Amb Dr Monica Juma, Chairperson KSA Board Maj Gen (Rtd) James Aruasa, Board Members Lt Gen Adan Mulata and Dr Doris Mutta, Ag DG Maj Gen Thomas Chepkuto and Management of Italian Space Agency.

g. Gender Mainstreaming Policy Development

KSA Gender Mainstreaming Committee on 3rd September 2020 together with consultants Prof. Wangari Mwai and Fred Kariuki held a session to assist in development of the KSA Gender Mainstreaming Policy in line with Government broad policy on affirmative action in regard to gender. Session was graced by KSA Ag DG Maj Gen Thomas Chepkuto.



Photo of Gender policy consultants briefing the Ag. DG Maj Gen Thomas Chepkuto and KSA staff.

h. Board Evaluation

The KSA Board on 16th September 2020, undertook annual Board evaluation in compliance to Mwongozo and State Corporation Advisory Committee (SCAC). This was the first ever Board Evaluation meeting. The exercise covered period between July 2019 to June 2020 and was facilitated by SCAC officers Mr. Wang'ombe and Mr Njihia.

i. Engagement meeting with County Government of Bomet

On 21st September 2020 County, Agency staff visited Government of Bomet to deliberate on areas of collaboration in application and utilization of Earth Observation Data and development of County Spatial Planning. The meeting was graced by Deputy Governor Hon Shadrack Rotich other County officials.



Photos of KSA staff engaging with officials from Bomet County

j. Information Security Management Systems (ISMS) Training

The Computer Society of Kenya conducted a seminar on ISMS Implementation training from 23rd to 26th September 2020 at White sands Hotel in Mombasa. Capt. Kenneth Kanda and Capt. Hope Deche from the KSA technical team attended the seminar.



Group photo seminar participants

k. Performance Contract Signing at Ulinzi House Annex

CS Defence Amb Dr Monica Juma on 28th September, 2020 oversaw the signing of performance contract (PC) between the Ministry of Defence and the Kenya Space Agency (KSA) at Ulinzi House Annex. KSA Board Chairman Maj Gen (Rtd) James Aruasa signed the PC.

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**



Photos of CS Defence Amb Dr Monica Juma, and Chairperson of KSA Maj Gen (Rtd) James Aruasa during the PC signing session

KSA Board Chairperson Maj Gen (Rtd) James Aruasa on 28th September 2020 also witnessed the signing of Performance Contract between KSA Board & Management led by Ag DG Maj Gen Thomas Chepkuto at KSA Board room.



Photos of KSA Board Chairperson Maj Gen (Rtd) James Aruasa, Ag.DG Maj Gen Thomas Chepkuto and members of staff during PC signing.

I. Consultative meetings at Tana River County

KSA along with Food and Agriculture Organization of the United Nations (FAO), United Nations Office for Project Services (UNOPS), Geodev Kenya Limited, Jumuiya ya Kaunti-za-Pwani (JKP), Nature Kenya representatives were invited for a consultative meeting on Tana River County's Spatial Plan. Tana River County has set several village clusters; this will enable them to relocate people at risk living along River Tana to higher grounds.



Photo of KSA staff making presentation

m. Official Opening of Technical offices of KSA

The CS MoD Amb Dr Monica Juma officially opened KSA Technical Offices at 2nd Floor at Pitman House on 21st October 2020. The function was also attended by KSA Board Chairperson Maj Gen (R) James Aruasa, Board Members, Ag.DG and KSA staff.



Photo of CS MoD Amb Dr Monica Juma and KSA Board Chair Maj Gen (R) James Aruasa during official opening of KSA Technical Offices.

n. Launch of KSA 5- Year Strategic Plan

KSA on 21st October 2020 at Serena Hotel Nairobi launched its 5-year Strategic Plan. The occasion was graced by CS Ministry of Defence Amb Dr Monica Juma, PS MoD Dr Ibrahim Mohammed, Italian Ambassador H.E Alberto Pieri, Members of Parliament, KSA Board Members, representatives of Universities, invited dignitaries and KSA staff.



Photo of CS MoD Amb Dr Monica Juma making her speech during the launching of strategic plan

o. Research Chairs Presentation

KSA on 21st October 2020 at Serena Hotel Nairobi presented the cheques of the research chairs to universities that have been awarded. The total amount awarded was Kshs 10,000,000. The occasion was graced by CS Ministry of Defence Amb Dr Monica Juma, PS MoD Dr Ibrahim Mohammed, Italian Ambassador H.E Alberto Pieri, Members of Parliament, KSA Board Members, representatives of universities, invited dignitaries and KSA staff. The beneficiary Universities are as follows; -

Taita Taveta University Kshs 2,850,000/- Dedan Kimathi University - Kshs 1,150,000/-, University of Eldoret- Kshs 1,000,000/-, University of Nairobi-Kshs 1,000,000/-, Jomo Kenyatta University of Agriculture and Technology- Kshs 1,000,000/-, Technical University of Kenya – Kshs 1,000,000/-, Moi University- Kshs 1,000,000/- and Kenyatta University-Kshs 1,000,000/-



Group Photo of CS MoD Amb Dr Monica Juma, PS MoD Dr Ibrahim Mohammed, Italian Ambassador H.E Alberto Pieri, KSA Chairperson Maj Gen (R) James Aruasa, KSA Ag DG Maj Gen Thomas K Chepkuto together with representative of universities during cheque presentation

p. Interviews for the Position of KSA Director General/CEO

KSA had advertised for the position of KSA Director General. Five candidates were shortlisted. The Board conducted interviews to the five candidates on 10th & 11th November 2020



Photo of KSA chairperson Maj Gen (R) James Aruasa and other Board members during the interview

q. Google Earth Engine Forest Monitoring Project Ground truthing

KSA conducted the above exercise from 16th -19th November 2020 in collaboration with team of professionals from Kenya Forest Service (KFS), Department of Resource Surveys and Remote Sensing (DRSRS) and Water Resource Authority (WRA). The ground truthing exercise was conducted at Aberdare Forest for the purposes of validating features captured in the classification process of an imagery to be actually a true reflection of what is on the ground.



Photos of officers taking part in ground truthing exercise

r. County Consultative forum at HomaBay County

KSA Geo-spatial team on 25th November 2020 held a consultative meeting with officials from County Government of Homabay including Lands & Physical Planning County Executive Committee Member County Government of HomaBay County, Hon Roseline Odhiambo. Discussions were centred on application of Earth observation data in county spatial plan and other development plans.

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**



Photo of KSA staff and officials from County Government of Homabay during consultative forum.

s. Capacity Building

The Agency Ag DG Maj Gen (Rtd) Thomas Chepkuto on 01/02/2021 welcomed new cohort III interns deployed by the Public Service Commission of Kenya. The internship program is aimed at establishing an avenue for the youth to gain work place experience, acquire relevant skills and improve their competitiveness in job search.



Photo of the Ag DG Maj Gen (Rtd) Thomas Chepkuto and members of staff welcoming the interns

t. Performance contract cross cutting issues seminar

The Agency in line with Performance Contract FY 2020/21 commitment on cross cutting issues, organized a 2-day sensitization seminar for its staff that was centred on Alcohol & Drug Abuse, Gender, HIV and Disability Mainstreaming. The seminar was held on 9th-10th February 2021.



Photos of facilitators and participants during the seminar.

u. Space Sector Technical Workshop

The Agency convened a Space Sector Technical Workshop at Nairobi Serena Hotel on 24/02/2021. The workshop comprised of representatives from Ministries, Departments & Agencies (MDAs), private sector and Academia to define the space sector we want in Kenya. The workshop also was meant to chart the path to optimize potential of the Space ecosystem for National Economic Development. The conversation with space sector stakeholders was geared towards exploiting sector's potential in sustainable development. The meeting was also attended by Agency Board Chair person Maj Gen (Rtd) James Aruasa, Board members, Ag.DG Maj Gen (Rtd) Thomas Chepkuto, Agency staff and other stakeholders.

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**



Photo of KSA Chairperson Maj Gen (Rtd) James Aruasa DG Maj Gen (Rtd) Thomas Chepkuto and stakeholders during the workshop.

v. Space Sector High Level Forum

The Agency held a Space Sector High Level Forum at Nairobi Serena Hotel on 25/02/2021. The occasion was graced by CS Defence Amb Dr Monica Juma. She stressed on the timely progress of development of Space Science & Technology citing the need for deliberate actions by stakeholders to ensure the Space Sector is involved in the development of our economy. The meeting was also attended by Agency Board Chair person Maj Gen (Rtd) James Aruasa, Board members, Ag.DG Maj Gen (Rtd) Thomas Chepkuto, Agency staff and other stakeholders.



Photo of CS Defence Amb Dr Monica Juma making her remarks during the forum

w. Kenya Space Agency Outreach Activities

KSA partnered with Apollo Children's Science Park to host a day event on 08/03/2021. Apollo seeks to engage children in exciting & diverse hands-on Science activities which is in line with KSA objectives. The Agency Astronomy Department engages in outreach to help create awareness on Space related subjects in Kenya.



The photos of children engaging in various activities

x. Kenya Space Agency Engagement with India High Commissioner

The Ag. DG KSA Maj Gen (Rtd) Thomas Chepkuto hosted H.E Dr. Virander Paul, India High Commissioner to Kenya on 27th May 2021. The meeting aimed to revive an MOU between KSA and Indian Space Research Organization (ISRO) to pursue collaboration in training, access to Earth Observation data, Remote Sensing, satellite manufacturing, satellite communications, satellite based navigation, space science and launch services. The Agency continues to source for mutually beneficial bilateral and multilateral agreements with other space agencies, governments and regional entities to further its mandate. The Agency requested for negotiation of the draft MOU through the Ministry of Foreign Affairs.



Photo of engagement between Ag. DG Maj Gen (Rtd) Thomas Chepkuto, H.E Dr. Virander Paul, India High Commissioner to Kenya and members of staff

y. 3D-Printed Automatic Weather Stations Maintenance

KSA has initiated programmes to support the uptake of STEM in Primary and Secondary schools. One such programme is the fabrication and installation of 3D-Printed Automatic Weather Stations (3D-PAWS) in schools. KSA staff undertook maintenance of Automatic Weather Stations installed in Schools around Lake Victoria region from 24th -28th May 2021. The team used the opportunity to engage with the students from the schools hosting the stations demonstrating to them how they can access the data from the 3D-PAWS. The schools included Maranda High, Maseno School, Usenge High school among others.



Photo of KSA team together with student during installation of Automatic Weather Station at St Paul Obambo in Siaya County.

z. Kenya Space Agency Tree Planting

KSA in collaboration with Kenya Meteorological Department (KMD) and Kenya Airforce personnel on 31st May, 2021 took part in a tree planting exercise at Kibiku Forest in Ngong. 1000 trees were planted during the exercise. The Agency practices environmental performance to ensure efficiency in resource utilization and reduction of pollution.



Photo of Ag.DG Maj Gen (Rtd) Thomas Chepkuto, Director General KMD Ms Stella Aura, KSA staff and various stakeholders during the Tree planting

aa. Kenya Space Agency Mid Term Reviews of the Research Chair Projects at Universities

KSA has introduced research grants, referred to as Research Chairs, to stimulate and nurture research on space related disciplines in the Universities in Kenya. In October 2020, KSA awarded two research chairs on Operational Space Weather Network (consortium of 3 Universities) and Nanosatellite Development (5 Universities). KSA staff organized and undertook a mid-term review of projects being undertaken by universities that were awarded Research Chairs from 24th May 2021 to 4th June 2021. The main objective of the mid-term review of the projects was to monitor the progress of the implementation of the project and ensure that project objectives were being achieved.



Photo of KSA team and host at Technical University of Kenya



Photo of KSA team and host at Kenyatta University Photo of KSA team and host at Jomo Kenyatta University of Agriculture & Technology

bb. Capacity building for Agriculture and Food Authority (AFA)

KSA signed an MoU with AFA on collaborating in mapping of Scheduled Crops in Kenya. As a preliminary exercise, KSA team conducted training for the 11 members of the AFA team that will be involved in the Scheduled Crop mapping in Kyaka Hotel, Machakos from 14th - 25th June 2021. The team was trained on Remote Sensing and Geographic Information Systems in preparation of undertaking the joint project between KSA and AFA on scheduled crop mapping as provided for in the MoU between KSA and AFA.



Photo of participants during the workshop at Machakos

cc. Handing over and Taking over of the office of Director General KSA

On 29th June 2021, the Agency witnessed change of guard at the office of DG/CEO. The ceremony was witnessed by CS Defence Amb. Dr Monica Juma & the Chairperson of the Board Maj Gen (Rtd) James Aruasa at Ulinzi House. Also in attendance was outgoing Ag. DG Maj Gen (Rtd) Thomas Chepkuto and incoming Ag DG Col Hillary Kipkosgey. The CS Defence wished the outgoing Ag. DG the all best in his new Presidential appointment



Group photo of CS Defence Amb. Dr Monica Juma, the Chairperson of the Board Maj Gen (Rtd) James Aruasa outgoing Ag. DG Maj Gen (Rtd) Thomas Chepkuto and incoming Ag DG Col Hillary Kipkosgey during the Handover Takeover ceremony at Ulinzi House and KSA office

Financial performance

The Agency had a budget of Kshs 213,654,936 for FY 2020/2021. This comprised of Kshs 150,000,000 in ordinary budget and Kshs 63,654,936 as supplementary budget. The total income during the period was Kshs 235,152,637 which comprised of grant from MOD of Kshs 150,000,000, unspent funds balance brought forward from previous period of Kshs 63,654,936 and deferred income realized of Kshs 21,497,701. The Total expenditure for the period was Kshs 235,146,829. This comprised of expenses of Kshs 196,720,781 and assets acquired of Kshs 38,426,048.

The Agency did not receive Fourth Quarter allocation of Kshs 50,000,000, due to budget rationalization by the National Treasury. The absorption level stood at 99.9% of allocated funds. Due to funds deficit, the agency was unable to undertake all activities planned under quarter three and quarter four. These activities included undertaking ground truthing under the GEE Urbanisation project, acquisition of imagery, developing systems for GIS and Remote Sensing in Agriculture and Public Safety, as well as capacity building.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

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 Annual report.

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

Section C

Agency Key projects implemented/Ongoing

Project/Program	Details	Status
Production of licences and technical support	Group on Earth observations (GEO) and Google Earth Engine (GEE) financed production licences and technical support to help develop earth observation products and build capacity on adoption and utilization of space derived data in decision making Forest sub-project –Aberdares and Ngong forest	Done
	Urbanization Nakuru county Floods /landslides scoping	Ongoing
Engagement with Strategic Partners	<ul style="list-style-type: none"> Italian Space Agency (ISA) Implementation of the provisions of the agreement. <ul style="list-style-type: none"> Indian Space Research Organization (ISRO) Revive negotiations on the draft MOU	Ongoing
Partnership with County	Needs assessment on satellite imagery conducted in Uasin Gishu and Elgeyo Marakwet.	Done
Government	Development of draft model GIS policy with Makueni county. Acquisition of imagery for spatial planning for Tana River, Homabay and Bomet county.	Ongoing Ongoing
Research chairs	Operational space weather networks Procurement of nodes by universities Nano satellite development of CubeSat models by universities	Review of progress
Information security	Conducted by computer society of Kenya.	Done

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

management system training		
Launch of a 5 year strategic plan	This was carried out at Serena hotel Nairobi	Done
Capacity building on crop mapping	Agriculture and Food Authority training in Machakos	Done
KSA space clubs	Development of content for space clubs	First draft done
Performance contract cross cutting issues	A sensitization seminar on Alcohol and drug abuse Gender, HIV and disability mainstreaming was carried out Capacity building on Corruption prevention	Done

Section D

Major risks facing the entity

1. Lack of adequate human technical capacity.
2. Inadequate financing

Section E

Material arrears in statutory/financial obligations

None

Section F

The entity's financial probity and serious governance issues

None

9. Environmental and Sustainability Reporting

The mandate of Kenya Space Agency is to promote, coordinate and regulate space related activities in the country. The key goal and aspirations are to nurture the space sector in Kenya through promotion of utilization of space technology and space-derived data to inform decision-making and support the socio-economic development of the country. Below is an outline of the KSA's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Sustainability in the space sector involves ensuring that all humanity continue to use outer space for peaceful purposes and socioeconomic benefit now and in the long term. This means ability to maintain the conduct of space activities indefinitely into the future in a manner that realizes the objectives. In addition, equitable access to the benefits of the exploration and use of outer space for peaceful purposes, in order to meet the needs of the present generations while preserving the outer space environment for future generations. This will require international cooperation, discussion, and agreements designed to ensure that outer space is safe, secure, and peaceful. In addition, Cooperation in the peaceful uses of outer space is a tenet by which the Agency will endeavour to build technical capability for Kenya's socio-economic development as well as harness the potential of space science, technology and applications. In this regard, the Agency continued to foster mutually beneficial partnerships while protecting national interests.

Kenya, through KSA, Egypt and Uganda submitted a joint application and prequalified for an opportunity to host a Climate Camera on the Bartolomeo module on-board the International Space Station (ISS). The United Nations Office offered this opportunity for Outer Space Affairs (UNOOSA) and Airbus under "Accessing Space with the International Space Station (ISS) Bartolomeo Platform" programme for emerging countries to access space.

In addition, Kenya is participating in the African Development Satellite (Af-Dev Sat) initiative, an African Space Agency initiative led by Egyptian Space Agency aimed at bringing together African nations to develop a space system to monitor climate change as well as build the technical capacity for the participating countries

ii) Environmental performance

KSA is guided by the global policy and legal principles governing outer space. There are five main international treaties related to space sector; -

1. Outer space treaty
2. Liability convention
3. Rescue Agreement
4. Registration convention
5. Moon agreement

Legal principles that guide the functions and the activities of the Agency include; -

1. Declaration of legal principles
2. Broadcasting principles
3. Nuclear power sources
4. Remote sensing
5. Benefits declaration

KSA is implementing the “Monitoring for Information and Decisions using Space Technology – MIDST” initiative which leverages on the use of open-source tools and freely available satellite datasets in support of decision making. In 2020/2021, KSA with relevant stakeholders in Forest Conservation led by Kenya Forest Service (KFS) undertook a pilot project to map the Aberdare Forest. The goal of the pilot project was to explore novel tools and ways to monitor our forest ecosystem to assist the stakeholders in Forest Conservation determine the area under forest cover, where deforestation has occurred and potential areas of afforestation to realize the proposed 10% tree cover in the country. This was a demonstration project that could also be scaled up to the national level and would assist KFS and its stakeholders better monitor and manage the forest ecosystem. The team lead by KSA and drawn from multiple stakeholders have since compiled the final report on this pilot project.

KSA and KFS team also under took another pilot project to map out the forest ecosystem on the Larger Ngong’ Forest. The areas covered included Ngong’ hills Ooloolua and Kibiko forest. The purpose of the pilot study was to establish the impact of forest conservation efforts by stakeholders, more especially the Ministry of Defence Environmental Sustainability Program, that has adopted some of the sections of the Larger Ngong Forest ecosystem. This would inform future decisions and strategies forest adoption and conservation efforts.

iii) Employee welfare

The Kenya Space Agency is guided by the Human Resource and Procedures Manual in its hiring process. The policy is informed by the Constitution of Kenya, various policy directives issued by the Public Service Commission and Salaries and Remuneration Commission as well as various labour laws and best practices. The provisions in the manual are subject to the relevant government regulations and policy guidelines issued from time and time.

The Agency also attracts interns, who are young graduates in an effort to offer them on-job training and experience to improve their skills and career prospects. Officers are encouraged to undergo training in their various areas of specialization effected through the training and development module of the Agency’s Human Resource and Procedures Manual.

Through Performance Management System, the Agency considers individual performance and reward employees for their contribution in a fair and equitable manner. This is aimed at attracting,

retaining and motivating its employees towards the realization of organizational goals. Section 15 of the Human Resource and procedures Manual, commits the Agency to the achievement of the highest standards of health and safety in the work place, and the elimination or minimization of health and safety hazards and risks that may affect its employees. This is in line with the provision of the Occupational Safety and Health Act (OSHA) 2007 and other labour laws.

iv) Marketplace Practices-

The organisation should outline its efforts to:

a) Responsible Competition Practice

As an Agency, we transparently engagement of all stake holders in procurement process from commencement to the end. All the suppliers are given equal opportunities as guided by the Public Procurement and Asset Disposal Act (PPAD) 2015. The staff are of high integrity and the Agency is a corruption free zone.

b) Responsible Supply Chain and Supplier Relations

We thrive to provide conducive environment to our supplier. We ensure prompt payment of goods when delivered and services rendered in accordance with law.

c) Responsible Marketing and Advertisement

Our procurement opportunities are well advertised in electronic and print media.

d) Product Stewardship

The Agency ensures that consumer rights and interests are protected by being fair and transparent in all the procurement process. We usually give product specification to our suppliers to avoid ambiguities.

v) Corporate Social Responsibility / Community Engagements

Kenya Space Agency (KSA) coordinates the Global Learning and Observation to Benefit the Environment (GLOBE) Program activities in Kenya as our Educational Outreach program. The GLOBE Program is an International Science and Environmental Program that seeks to promote hands-on and practical learning in Primary and Secondary Schools. Under this program, KSA has been providing low-cost Automatic Weather Stations to GLOBE Schools to enable the students access weather data and use the data learning. The Weather Stations are fabricated and assembled by KSA staff. In addition, KSA is implementing an initiative under GLOBE for identifying mosquito species and mapping Mosquito habitats using a mobile phone, mobile app and clip-on microscope. The goal of the initiative is to enable the students identify mosquito breeding habitats for elimination and identify mosquito endemic zones in the country. KSA is in talks with Ministry of Health on the possibility of them using this approach in prevention of diseases caused by mosquitos such as malaria, chikungunya, yellow fever among others.

10. Report of the Directors

The Directors submit their report together with the financial statements for the year ended 30th June 2021 which show the state of the Kenya Space Agency affairs.

i) 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.

ii) Results

The results of the entity for the year ended June 30, 2021 are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown on page v, vi, vii and viii. The term of Board will come to an end on 15th July 2021.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Agency did not make any surplus during the year and hence no remittance to the Consolidated Fund.

v) 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

Name Col Hillary B Kipkosgey

Signature.......... Date.....

29/09/2021

Corporate Secretary/Secretary to the Board



11. 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.

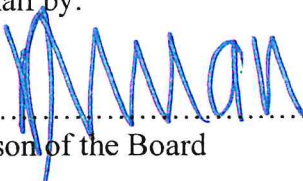
The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate 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, 2021, 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

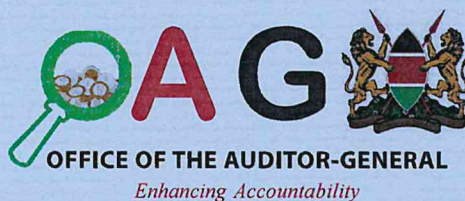
The Agency's financial statements were approved by the Board on 15 July 2021 and signed on its behalf by:


.....
Chairperson of the Board


.....
Accounting officer/DG/CEO

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA SPACE AGENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Space Agency set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 Kenya Space Agency as at 30 June, 2021, 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 the Public Finance Management Act, 2012 and comply with the Kenya Space Agency Act, 2017.

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 key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.200,000,000 and Kshs.150,000,000 respectively, resulting in an under-funding of Kshs.50,000,000 or 25% of the budget. Further, the statement reflects final expenditure budget and actual on comparable basis of Kshs.200,000,000 and Kshs.213,649,128 respectively, resulting in an over expenditure of Kshs.13, 649,128 or 7% of the budget. Management has attributed the under-funding to budget cuts while the over expenditure explained to have been funded by the surplus brought forward from previous year.

2. 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 highlighted in the previous year's audit report, the 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. The reports were also 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 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 above position as at 1 December, 2021 revealed that no progress reports have been provided by the Italian Space Agency. In addition, no documentary evidence of fees collected and remitted to the Government of Kenya was provided for audit verification. Consequently, it was not possible to ascertain the identity of third-party users and total revenue due during the year under review.

Although, Management has included the issue in Appendix "I" under Progress on Follow up of Auditors Recommendations, no specific timelines have been provided for the full compliance and resolution of the matter raised.

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, I confirm that, nothing 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

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 matter 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 governance were not effective.

Basis for Conclusion

1. Lack of The National Treasury Representation in the Board

A review of the Agency's governance structure revealed that the Board of Directors establishment is eleven (11) members. However, the current Board composition does not include a representative from The National Treasury as stipulated under Section 6(1)(c) of the Kenya Space Order, 2017 which requires the Board to include the Principal Secretary in the ministry for the time being responsible for finance.

2. Lack of Internal Audit Function

As reported in the previous year, the Agency did not have an Internal Audit Unit in place during the year under review but continued to rely on the parent ministry for internal audit function.

3. Failure to Implement Staff Establishment

An audit of human resources records indicated that the Agency's staff establishment was approved in June, 2020. However, Management has not endeavored to recruit staff to fill up the approved establishment. The current staff members in place consists of officers holding positions in an acting capacity or on a temporary employment and short-term contracts since March 2017. Although Management explained that the delay in filling the positions substantively was caused by the Salaries and Remuneration Commission (SRC) delay in finalizing the Job evaluation, there is no indication as to when the process will be finalized.

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 governance.

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

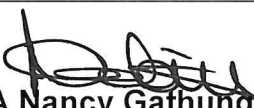
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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 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 Kenya Space 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.



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 January, 2022

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

13. Statement of Financial Performance for the Year Ended 30 June 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from Other Governments	6	150,000,000	150,125,000
Total Revenue		150,000,000	150,125,000
Expenses			
Compensation to Employees	7	8,400,645	5,527,993
Board Expenses	8	13,132,018	12,221,929
Depreciation and Amortization Expense	9	21,497,701	17,730,951
Repairs and Maintenance	10	1,718,255	3,065,597
General Expenses	11	66,295,583	40,734,762
Space Programs	12	85,676,579	19,183,444
Total Expenses		196,720,781	98,464,676
Other Gains/(Losses)			
Surplus Before Tax		(46,720,781)	51,660,324
Taxation			
Surplus for the Period		(46,720,781)	51,660,324

The notes set out on pages 6 to 29 form an integral part of these Financial Statements

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

Ag. Director General
Col Hillary Kipkosgey

Sign.....

Date..... 29/09/2021

Ag. D/Director Finance & Accounts
CPA John Karimi
ICPAK Member No.10716

Sign.....

Date..... 29/09/2021

Chairperson of the Board
Maj Gen (Rtd) James Aruasa

Sign.....

Date..... 29/09/2021



Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

14. Statement of Financial Position As at 30 June 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	5,808	63,654,936
		5,808	63,654,936
Non-Current Assets			
Property, Plant and Equipment	14	102,384,817	85,456,470
		102,384,817	85,456,470
Total Assets		102,390,625	149,111,406
Liabilities			
Non-Current Liabilities		-	-
Total Liabilities		-	-
Net Assets			
Capital Fund		102,384,817	85,456,470
Accumulated Surplus		5,808	63,654,936
		102,390,625	149,111,406
Total Net Assets and Liabilities		102,390,625	149,111,406

The notes set out on pages 6 to 29 form an integral part of these Financial Statements

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

Ag. Director General
Col Hillary Kipkosgey

Sign.....

Date.....29/09/2021

Ag. D/Director Finance & Accounts
CPA John Karimi
ICPAK Member No.10716

Sign.....

Date.....29/09/2021

Chairperson of the Board
Maj Gen (Rtd) James Aruasa

Sign.....

Date.....29/09/2021

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

15. Statement of Changes in Net Assets
For the Year Ended 30 June 2021

	Capital Fund	Accumulated surplus	Total
As at July 1, 2020	-	63,654,936	63,654,936
As at June 30, 2021	-	(46,720,781)	(46,720,781)
Total Comprehensive Income	-	16,934,155	16,934,155
Capital fund: Total Assets	146,046,206	-	-
Accumulated Depreciation	(43,661,389)	-	-
Deffered Income Realized	-	21,497,701	21,497,701
Adjustment for Capital Expenditure	-	(38,426,048)	(38,426,048)
Total Capital Fund	102,384,817	-	102,384,817
As at June 30, 2021	102,384,817	5,808	102,390,625

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

16. Statement of Cash Flows for the Year Ended 30 June 2021

Description	Notes	2020-2021 Kshs	2019-2020 Kshs
Cash Flows from Operating Activities			
Receipts			
Transfer from Other Governments	6	150,000,000	150,125,000
		150,000,000	150,125,000
Payments			
Compensation to Employees	7	(8,400,645)	(5,527,993)
Board Expenses	8	(13,132,018)	(12,221,929)
Repairs and Maintenance	10	(1,718,255)	(3,065,597)
General Expenses	11	(66,295,583)	(40,734,762)
Space Programs	12	(85,676,579)	(19,183,444)
		(175,223,080)	(80,733,725)
Net Cash Flows from Operating Activities		(25,223,080)	69,391,275
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment	14	(29,610,048)	(15,127,000)
Purchase of Motor Vehicle	14	(5,100,000)	-
Purchase of Furniture	14	(3,716,000)	(272,000)
Office Fitout	14	-	-
Increase/(Decrease) in Payables	15	-	(29,758,721)
Net Cash Flows Used in Investing Activities		(38,426,048)	(45,157,721)
Net Increase/(Decrease) in Cash and Cash Equivalents		(63,649,128)	24,233,554
Cash and Cash Equivalents as at 1 July 2020		63,654,936	39,421,382
Cash and Cash Equivalents as at 30 June 2021	13	5,808	63,654,936

The notes set out on pages 6 to 29 form an integral part of these Financial Statements

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

Ag. Director General
Col Hillary Kipkosgey

Sign.....

Date.....29/09/2021

Ag. D/Director Finance & Accounts
CPA John Karimi
ICPAK Member No.10716

Sign.....

Date.....29/09/2021

Chairperson of the Board
Maj Gen (Rtd) James Aruasa

Sign.....

Date.....29/09/2021

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

17. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2021

	Original Budget 2020-2021 Kshs	Adjustments 2020-2021 Kshs	Final Budget 2020-2021 Kshs	Actual Comparable Basis 2020-2021 Kshs	Performance Difference 2020-2021 Kshs	Percentage Variance 2020-2021 %	Explanation of Material Variances
Revenue							
Government Grants and Other Income	200,000,000	-	200,000,000	150,000,000	50,000,000	25%	Balance due to under funding /budget cut
Total Income	200,000,000	-	200,000,000	150,000,000	50,000,000		
Expenses							
Compensation of Employees	8,584,480	-	8,584,480	8,400,645	183,835	2%	
General Expenses	52,375,009	-	52,375,009	66,795,583	(14,420,574)	-28%	Deficit funded by surplus from previous period
Board Expenses	18,467,000	-	18,467,000	13,132,018	5,334,982	29%	Balance due to under funding /budget cut
Repairs and Maintenance	2,700,000	-	2,700,000	1,523,255	1,176,745	44%	Balance due to under funding /budget cut
Maintenance of Plant and Equipment	500,000	-	500,000	195,000	305,000	61%	Balance due to under funding /budget cut
Purchase of Computers and Accessories	2,390,020	-	2,390,020	3,196,500	(806,480)	-34%	Deficit funded by surplus from previous period
Purchase of Motor Vehicle	5,100,000	-	5,100,000	5,100,000	-	0%	
Purchase of Furniture and Fittings	-	-	-	3,716,000	(3,716,000)	-100%	Deficit funded by surplus from previous period
Provision for Depreciation	21,497,701	-	21,497,701	-	21,497,701	100%	Balance due to depreciation which is a non cash item
Purchase of Telecom Equipment	25,913,548	-	25,913,548	25,913,548	-	0%	
Space Programs	62,472,242	-	62,472,242	85,676,579	(23,204,337)	-37%	Deficit funded by surplus from previous period
Total Expenditure	200,000,000	-	200,000,000	213,649,128	(13,649,128)		
Surplus/(Deficit)	-	-	-	(63,649,128)	63,649,128		

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)

18. 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.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
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. This standard has no impact to the Agency</p>

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</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. 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 2023</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> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p>This standard has no impact to the Agency</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Standard	Effective date and impact:
	<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> <p>This standard has no impact to the Agency</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

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 Agency 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.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (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 2020-2021 was approved by the National Assembly on 2020. 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 Agency recorded additional appropriations Kshs 63,654,936 on the 2020-2021 budget following the Board of Director's approval. Kenya Space Agency has a budget of Kshs 150 million channelled through the Ministry of Defence as a grant.

The Agency'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 Note 16 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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.

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

Sales tax

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

- i) 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
- ii) 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

a) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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:

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

b) 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.

j) 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.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

-
- i) ~~Raw materials: purchase cost using the weighted average cost method~~
 - ii) 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

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.

k) 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.

l) Contingent liabilities

The Agency 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.

m) Contingent assets

The Agency 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

n) Nature and purpose of reserves

This is not applicable to the Agency.

o) 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.

p) Employee benefits

Retirement benefit plans

The Entity will provide 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. The Agency has no employees on permanent and pensionable basis.

q) 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.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) 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.

s) Related parties

The Agency 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.

t) 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.

u) 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.

v) Comparative figures

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) 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, 2021.

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 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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in the notes.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

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. Agency has a provision for depreciation.

6. Transfers from other Governments and other revenues

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfer from Other Governments	150,000,000	150,000,000
Revenue from Sale of Prequalification Documents	-	25,000
Other Income	-	100,000
Total Government Grants and Subsidies	150,000,000	150,125,000

The funding is for Agency's operations

b) Transfers from other governments

Name of the Entity	Amount	Amount	Amount	Total Grant	2020-2021
sending Grant	recognized to the Statement of Comprehensive Income	deferred under Deferred Income	recognized in Capital Fund	Income during the Year	
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	2020-2021	2019-2020
	Kshs	Kshs
Hire of Short-term Contracts	4,191,058	5,527,993
Acting Allowance KSA Mangement	4,209,587	-
Total Compensation to Employees	8,400,645	5,527,993

8. Board Expenses

Description	2020-2021	2019-2020
	Kshs	Kshs
Chairman's Honoraria and Telephone	1,044,000	1,044,000
Board Members Emoluments	6,634,810	7,297,025
Conferences, Seminars, Secretariat and Catering Expenses	4,454,692	3,880,904
Insurance Independent Board Members	998,516	-
Total Board Expenses	13,132,018	12,221,929

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

9. Depreciation and Amortization Expenses

Description	2020-2021	2019-2020
	Kshs	Kshs
Plant and Equipment	942,750	849,000
Furniture	1,294,625	1,260,625
Motor Vehicle	9,833,250	9,833,250
Telecommunication Equipment	1,786,740	438,540
Computers	5,242,335	2,951,535
Office Fitout	2,398,001	2,398,001
Total Depreciation and Amortization	21,497,701	17,730,951

10. Repairs and Maintenance

Description	2020-2021	2019-2020
	Kshs	Kshs
Equipment	195,000	802,480
Motor Vehicles	1,523,255	2,263,117
Total Repairs and Maintenance	1,718,255	3,065,597

11. General Expenses

Description	2020-2021	2019-2020
	Kshs	Kshs
Refined Fuel, Oil and Lubricants	10,000	2,026,220
Water and Sewerage	80,664	125,000
Catering and Hospitality	1,569,936	1,684,232
Telephone, Telex, Mobile and Internet Services	4,322,420	1,871,394
Advertising and Publicity	3,739,266	1,082,388
Rent and Rates	9,697,621	8,005,611
Electricity	714,476	487,139
Membership Subscription	183,778	384,559
Domestic Travel and Accommodation	13,992,985	10,430,057
Foreign Travel and Accommodation	259,100	1,402,225
Computer Accessories and Supplies	3,391,600	1,344,800
General Office Supplies	9,420,338	5,770,686
Bank Charges	75,400	75,744
Sanitary and Cleaning Services	848,991	571,408
Office Refurbishment	17,989,008	5,473,299
Total General Expenses	66,295,583	40,734,762

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

12. Space Programs

Description	2020-2021	2019-2020
	Kshs	Kshs
Training and Workshop	227,000	1,851,645
Capacity Building	85,449,579	17,131,799
Consultancy	-	200,000
Total Space Programs	85,676,579	19,183,444

13. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	Kshs	Kshs
Current Account	5,808	63,654,936
Others(Cash at Hand)	-	-
Total Cash and Cash Equivalents	5,808	63,654,936

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Financial Institution		
a) Current Account		
Cooperative Bank of Kenya	5,808	63,654,936
Sub- Total	5,808	63,654,936
b) Others(Specify)		
Cash in Transit	-	-
cash in Hand	-	-
Mpesa	-	-
Sub- Total	-	-
Grand Total	5,808	63,654,936

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Property, Plant and Equipment	Plant and Equipment 12.5% Shs	Furniture and Fittings 12.5% Shs	Telecommunication Equipment 20% Shs	Motor Vehicle 25% Shs	Computers 30% Shs	Office Fitout 10% Shs	Total Shs
Rates							
Cost							
At 1 July 2020	7,542,000	10,357,000	8,933,700	39,333,000	17,474,450	23,980,008	107,620,158
Additions	500,000	3,716,000	25,913,548	5,100,000	3,196,500	-	38,426,048
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
At 30 June 2021	8,042,000	14,073,000	34,847,248	44,433,000	20,670,950	23,980,008	146,046,206
Depreciation and Impairment							
At 1 July 2020	1,061,250	1,575,781	548,175	12,291,563	3,689,419	2,997,501	22,163,689
Depreciation for the Year	942,750	1,294,625	1,786,740	9,833,250	5,242,335	2,398,001	21,497,701
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
At 30 June 2021	2,004,000	2,870,406	2,334,915	22,124,813	8,931,754	5,395,502	43,661,389
Net Book Values							
At 30 June 2021	6,038,000	11,202,594	32,512,333	22,308,188	11,739,196	18,584,506	102,384,817
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

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

15. Cash Generated from Operations

Description	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the year before tax	(46,720,781)	51,660,324
Adjusted for:		
Depreciation	21,497,701	17,730,951
Net cash flow operating activities	(25,223,080)	69,391,275

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

Description	2020-2021
	Kshs
Actual Expenditure as per Statement of Financial Performance	196,720,781
Add: Purchase of Property, Plant and Equipment	38,426,048
Actual Expenditure as per Statement of comparison of Budget and Actual Amounts	235,146,829

17. 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:

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

(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 2021				
Bank Balances	5,808	5,808	-	-
Total	5,808	5,808	-	-

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. The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(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 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. The Agency has no liquidity risk as shown in the table below.

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

	Less than 1 Month	Between 1-3 months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
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:

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	(46,720,781)	51,660,324
Capital Reserves	102,384,817	85,456,470
Total funds	55,664,036	137,116,794
Total Borrowings	-	-
Less: Cash and Bank Balances	(5,808)	(63,654,936)
Net Debt /(excess Cash and Cash Equivalents)	(5,808)	(63,654,936)
Gearing	N/A	N/A

18. Related Party Disclosures

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:

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	150,000,000	150,000,000
Sale of prequalification Documents	-	25,000
Other Income	-	100,000
Total	150,000,000	150,125,000
b) Key management compensation		
Directors' emoluments	13,132,018	12,221,929
Compensation to top management	4,209,587	-
Total	17,341,605	12,221,929

19. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2020 Nil) and hence no remittance to the Consolidated Fund.

20. Events After the Reporting Period

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

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Notes to the Financial Statements (Continued)

21. Ultimate and Holding Entity

The Agency 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 FY 2019/20 from Luigi Broglio -Malindi Space Centre.

**Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021**

APPENDIX

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.

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)
1.	Delay in Ratification of New Agreement	The new agreement has since been ratified by the National Assembly ref: KNA/DLP/TBO/CERT.18/2020 dated October 15,2020.	Lt Col Nyawade	Resolved	
2.	Failure to provide Land Rent Records	The documents are now available and copies of payment advice has since been availed to Auditors	Maj Mururu	Resolved	
3.	Lack of Progress reports and non-collection of fees	Going forward the Agency is maintaining returns and progress reports. The Agency will also ensure compliance with the Agreement accordingly.	Maj Mururu	Resolved	
4	Lack of Internal Audit and Key Policy Documents	The Agency does not have internal auditor and relies on the Ministry of Defence for these services. The Agency is in the process of developing the policy documents and relevant bodies to provide technical support. The process was delayed due to budget cut by the Treasury.	DG	Not resolved	March 2022

Guidance Notes:

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



Ag. Director General

Date...29/09/2021

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

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							

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Appendix III: Inter-Entity Transfers

	Entity Name:	Kenya Space Agency		
	Break down of Transfers from the State Department of Defence			
	FY 2020/2021			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		20.08.2020	100,000,000	2020/2021
		09.02.2021	50,000,000	2020/2021
		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. Deputy Director Finance & Accounts
Kenya Space Agency

Sign-----

Head of Accounting Unit
Ministry of Defence

Sign-----

Kenya Space Agency
Annual Report and Financial Statements
For the year ended June 30, 2021

Appendix IV: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Others - must be specific	Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables			
Ministry of Defence	20.08.2020	Recurrent	100,000,000			-			-	100,000,000
Ministry of Defence	09.02.2021	Recurrent	50,000,000			-			-	50,000,000
Total			150,000,000			-				150,000,000