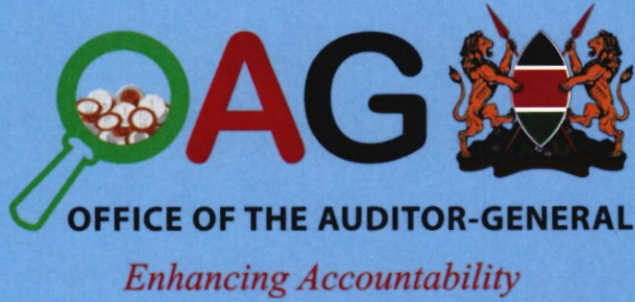


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REPORT

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THE AUDITOR-GENERAL

ON

NATIONAL MINING CORPORATION

**FOR THE YEAR ENDED
30 JUNE, 2023**

#205 8/14/11

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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NATIONAL MINING CORPORATION

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2023**

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

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I. KEY ENTITY INFORMATION

Background information

The National Mining Corporation was established by the Mining Act 2016 of Parliament on (date: 27th May 2016). At cabinet level, the Corporation is represented by the Cabinet Secretary for Petroleum and Mining, who is responsible for the general policy and strategic direction of the Corporation. The Corporation is domiciled in Kenya and its headquarters is Works Building, off Ngong Road Nairobi.

Principal Activities

The principal activity of the Corporation is to

- i. Engage in Mineral prospecting and mining and any other related activity
- ii. Invest on behalf of the National Government
- iii. Acquire by agreement or hold interests in any undertaking, enterprise or project associated with exploration, prospecting and Mining.
- iv. Acquire shares or interests in any firm, company or other body of persons, whether corporate or incorporated which is engaged in the Mining prospecting, refining, grading, producing, cutting, processing, buying, selling or marketing of minerals and
- v. Carry on its business, operations and activities whether as a principal agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms or bodies corporate.

Mission

Commercialize mineral resources through responsible mineral development in a dynamic global market for Kenya's social economic transformation

Vision

A leading Corporation in sustainable mineral resources development and investment in the world

Core Values

Accountability

Patriotism

Professionalism

Responsiveness

Integrity

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Directors

The Directors who served the entity during the year ended 30th June, 2023 were as follows

1	Joe Ager	- Chairman	- Appointed on 4 th Oct 2021
2.	Thomas Mutwiwa	- Ag Chief Executive	- Appointed on 29 th Nov 2018
3	Kagwe Gichohi		- Appointed on 6 th Oct 2021
4	Robin Mwenda		- Appointed on 6 th Oct 2021
5	Frisal Shariff		- Appointed on 6 th Oct 2021
6	Bruno Linyiru		- Representing PS Trade
7	Peter Wachira		- Representing PS Treasury
8	Elijah Mwangi		- PS Mining

Corporate Secretary

Miss Lynette Bunei (Senior State Counsel)
State Department of Mining
P O Box 30009-00100
Nairobi

Registered Office

Public Works Building
Off Ngong Road
P.O Box 30009-00100
Nairobi, KENYA

Corporate Headquarters

P.O Box 30009-00100
Off Ngong Road
P O Box 30009-00100
Nairobi, KENYA

NATIONAL MINING CORPORATION
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For the year ended 30 June, 2023

KEY ENTITY INFORMATION (Continued)

Corporate Contacts

Telephone: 020-2721074
E-mail: md@nmckenya.go.ke

Corporate Bankers

1. National Bank of Kenya
2. Account Name: National Mining Corporation
Account No: 01020214073600
Branch: Hill Plaza Nairobi, Kenya

Independent Auditors

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

Principal Legal Advisers

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

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II. THE BOARD OF DIRECTORS

<p>1. Mr. Joe Ager –Chairman.</p> 	<p>Born on 13/10/1949. Academic Qualification MBA (Strategic Management) – The Open University (Manchester, UK). Joe has been Chairman to the Board at Kenya Universities and Colleges Central Placement Board at Kenya Service (KUCCPS), 2018-2021. General Manager KETRACO 2010-2015, British Airways 1985 – 1990, among many other leadership roles.</p>
<p>2. Mr. Andrew Kamau (PS- Petroleum and Mining)</p> 	<p>Born on 18/11/1968. Academic Qualification BSc Chemistry (The University of Nairobi). He has been a Principal Secretary in the Energy, Petroleum and Mining Sector since 2013. He has wealth of experience in the energy sector spanning over 25 years and has worked for Multinationals in Europe and South Africa. He was PS Petroleum and mining up to 1st December, 2022.</p>
<p>2. Mr. Elijah Mwangi, CBS (PS- State Department for Mining)</p> 	<p>Born on 06/10/1979. Academic Qualification Masters of Business Administration in strategic management from The University of Nairobi. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya. He has a wealth of experience spanning over 19 years in high level finance, strategy and research management both locally and internationally. He has been a Principal Secretary in the State Department for Mining since 2nd December, 2022.</p>
<p>3. Dr. Bruno Linyiru</p> 	<p>Born on 06/10/1969. Academic qualification PhD Entrepreneurship (JKUAT). He is currently the Trade Secretary, State Department for Trade since February, 2019. He has served as a member of various Boards of State Corporations. He has over 25years’ experience in both Strategic and Operational experience in Public Service and State Enterprises.</p>
<p>4. Mr. Peter Wachira</p> 	<p>Born on 15/10/1985. Academic Qualification Collaborative Masters in Arts Program (Economics) and currently pursuing his PhD. He is a Senior Economist at the National Treasury, Intergovernmental Fiscal Relations Department having joined the National Treasury in 2013. He has worked on Policy Formulation and Policy Analysis and Formulation in Public Finance Management matters. He previously worked with NIC Bank.</p>

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

<p>5. Mr. Faisal Shariff Ibrahim</p> 	<p>Born on 01/01/1988. Academic Qualification LLM Petroleum Taxation & Finance (university of Dundee, UK). He has been an Advocate representing clients in courts and drafting Legal Documents since January, 2018 to date. From June 2013 – December, 2017 he worked as Tax Policy Supervisor and was involved in Review and Preparation of regulations for Mining Sector Taxation. He also worked as a Border Control Officer.</p>
<p>6. Mr. Robin Kaumbuthu</p> 	<p>Born on 01/01/1984. Academic qualification Bachelor of Law (The university of Nairobi). He is currently a Managing Partner at Mwenda Kaumbuthu & Co. Advocates. He is the Team Leader of Four Advocates of the High Court. He is Director and Founder of three (3) Private Companies in: Oil Gas Sector, Airline & Charter Services Sector and Value added services in Telecommunications Industry.</p>
<p>7. Mr. Kagwe Gichohi, MBS</p> 	<p>Born on 30/12/1979. Academic Qualification BSc Chemistry (The University of Nairobi). He has been in IT related Consultancy since 2011. From December 2204 – May, 2011, he was engaged in Research in Private and Public Policies in Kenya. He also has experience working with Transparency International and the Central Depository Unit (CDU), 2003 – 2004.</p>
<p>8. Mr. Thomas Mutwiwa</p> 	<p>Born on 23/07/1970. Academic Qualification Masters Project Management (JKUAT). He is currently the Acting Managing Director of the Corporation. He has experience spanning over 25 years in the Mining Sector in Kenya. He has served as Deputy Director of Mines and has wide Management experience in the Public Sector. He has experience in Environmental Impact Assessment and Audits. He has attended various International and Local Mining Conferences.</p>
<p>9. Ms Lynette Bunei</p> 	<p>Born on 16/09/1987. Academic qualification Bachelor's degree in Law, Post graduate Diploma in Law (Moi University). She is a member of ICPSK (RCPSB/4072) and LSK(P.105/9682/12). Currently, she is a Senior Legal Counsel for the Ministry of Mining, Blue Economy and Maritime Affairs. From 2015 – 2022 she was a Legal Counsel for the Nairobi County Assembly. She also worked as State Counsel at the Office of the Attorney General, Department of Justice, February 2014 – July, 2015.</p>

NATIONAL MINING CORPORATION
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For the year ended 30 June, 2023

III. MANAGEMENT TEAM

1.	Mr. Thomas Mutwiwa	Ag. Managing Director. Born on 23/07/1970. Academic Qualifications Masters in Project Management. (JKUAT)
2.	Mr. Paul Mirie	Chief Economist, State Department for Mining. Born on 20/08/1985. Academic Qualification. Masters in Mineral economics. Australia
3.	Ms Lynette Bunei	Senior State Council, State Department for Mining. Born on 16/09/1987. Academic qualification Bachelor's degree in Law, Post graduate Diploma in Law (Moi University). She is a member of ICPSK (RCPSB/4072) and LSK(P.105/9682/12)
4.	Mr. Jonathan Moki	Chief Superintendent Geologist. State Department for Mining. Born on 15/07/1967. Academic Qualification Bachelor's degree in Geology (University of Nairobi)
5.	Mr. Mica Obondi	Principal Chemist, State Department for Mining. Born on 12/09/1972. Academic Qualification. Masters in Chemistry (University of Nairobi)
6.	CPA Boniface Wanjohi	Principal Accountant, State Department for Mining. Born on 21/08/1964 Academic Qualification, MBA (Egerton University), CPAK
7.	Nicholas Thuo	Senior Human Resource Management Officer, State Department for Mining. Born 23/12/1966. Academic Qualification, Higher Diploma, Human Resource Management
8.	James M. Mwangi	Supply Chain Management Officer, State Department for Mining. Born 20/01/1986. Academic Qualification, Bachelor's Degree in Purchasing and Supplies Management.

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

IV. CHAIRMAN'S STATEMENT

On behalf of the Board of the National Mining Corporation, the Board was fully incorporated on 6th October 2021. It comprises of eight members including the CEO.

The Board held its first full Board meeting on 16th November 2021 and was appraised by the CEO on the state at play in the Corporation.

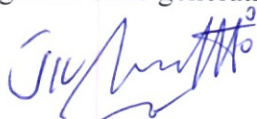
The Board was subsequently inducted by the State Corporations Advisory Committee in partnership with Kenya School of Government on 29th November to 1st December 2021.

The Board was also taken on familiarization tour in the Coast Region, Trans Mara, Nyanza Region and Western Region.

Financial Performance

The Board had a very lean budget allocation from the National treasury of Kshs 36.227 Million and therefore could not recruit permanent officers and rent its own office space before beginning revenue generating activities and hence relied on staff deployed from the Ministry.

The Corporation need more funding from treasury and also alternative sources of financing in order to begin revenue generating activities.



HON. JOSEPH K. LAGAT

CHAIRMAN, BOARD OF DIRECTORS

DATE: ... 04/03/2024

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Board of the National Mining Corporation, was fully incorporated on 6th October 2021. It comprises of eight members including the CEO. The Board held its first full Board meeting on 16th November 2021 and was appraised by the CEO on the state at play in the Corporation.

The Board was subsequently inducted by the State Corporations Advisory Committee in partnership with Kenya School of Government on 29th November to 1st December 2021. The issues discussed during the Board meeting were update of staffing and state at play in the corporation. The board was upraised that the corporation had about 10 members of staff deployed from the ministry. Issues of recruitment were discussed, but it was resolved that in the short run the PS who was present to do deployments at the request of the CEO. The management was directed to prepare a work plan that would then be forwarded to the Board for discussion and approval.

In the Board meeting the following committees were formed, Audit Committee, Finance Committee, Strategy and Technical Committee and Finally Human Resource Committee. The Committees are vital in driving the organisations strategic direction, human Capital operations, financial position and monitoring how resources are used. The Corporation was able to hold one finance committee, one Human resource committee and two strategy committees. Finally, three full Board meetings were held in the year. Budget proposal and a work plan was presented to the board and approved.

The Board was also taken on familiarization tour in the Coast Region, Trans Mara, Nyanza Region and Western Region. This was done in order to expose the Board to a bird's eye view of the Mining landscape in Kenya.

Other activities done within the year were to; prepare Work Plans Financial Year 2023/2024, Budget Financial Year 2023/2024, Procurement Plan Financial Year 2023/2024, Medium Term Plan IV Projects and other operational manuals for the corporation.

And begun the recruitment exercise of permanent staff.

Financial Performance

The Board had a very lean budget allocation from the National treasury of Kshs 36.227 Million, therefore could not recruit permanent officers and rent its own office space, and hence relied on staff deployed from the Ministry.

The corporation was able to purchase a motor vehicle, finalize development of a Strategic Plan 2022-2027, hold a number of board meetings, and begin field activities geared towards preliminary feasibility study for a Gold Project.

However, the corporation needs to find alternative sources of financing in order to begin revenue generating activities.



THOMAS MUTWIWA

Ag. CEO NATIONAL MINING CORPORATION

DATE: 04/03/2024...

REVIEW OF NATIONAL MINING CORPORATION 'S PERFORMACE FOR FINANCIAL YEAR 2022/2023.

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

National Mining Corporation has 4 strategic pillars and objectives within its Strategic Plan for the Financial Year 2021/2022- 2027/2028. These strategic pillars are as follows:

- Pillar 1: Growth of Mining and Mineral Resources
- Pillar 2: Sustainable Development of Mineral Assets
- Pillar 3: Governance and Operational excellence
- Pillar 4: Mineral Market and Business Development

National Mining Corporation develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The National Mining Corporation achieved its performance targets set for the Financial Year 2022/2023 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To maximise profits from mining and mineral investments	-Gold Artisanal mining report.	-Field visits to map out gold artisanal miners. -Sampling of tailings to establish percentage of recoverable gold.	-One preliminary report about artisanal gold mining in Migori. -Done preliminary sampling, samples waiting laboratory testing.
Pillar 2:	To foster strategic strategic partnerships	-partnerships agreements or contracts signed	-Attended a conference in South Africa and a benchmarking trip to Tanzania to try to establish investment partnerships	- We are going to establish collaborations with investors in these countries.
Pillar 3:	To develop, streamline and review relevant policies	-Developed our first strategic plan	-Consultation and workshops for developing the strategic plan.	Strategic plan 2022-2028 However it shall be revised to adhere to Treasury Gidelines.
Pillar 4:	To establish a market entry framework	- Desktop market survey to establish mineral products that are fast moving	-involved in MTPIV project preparation.	Mineral products identified. Four products identified, Gold, Coltan, Rare Earth minerals and Gemstones.

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

Policy Documents which required approval were therefore approved or developed. The Corporation has thus taken-off in spite of limited budget allocation.

VI. CORPORATE GOVERNANCE STATEMENT

BOARD MEETINGS HELD

Full Board meetings were attended by the following Members

NAME	ROLE	INSTITUTION
Joe ager	Chairman	National Mining Corporation
Elijah Mwangi	Principal Secretary	State Department for Mining
Thomas Mutwiwa	Managing Director	National Mining Corporation.
Robin Kaumbuthu	Board Member	National Mining Corporation
Kagwe Gichohi	Board Member	National Mining Corporation.
Dr. Bruno Linyiru	Board Member	State department for Trade &Enterprise Development.
Feisal Shariff	Board member	National Mining Corporation.

All Board Meetings had quorum.

COMMITTEE MEETINGS

All the Committees have had several meetings and their recommendations are ready for implementation. There was quorum in all committee meetings.

SUCCESSION PLAN

The Board is in its second year (appointed in 6th October 2021) and has a contract of three years.

BOARD CHARTER

A Draft Board Charter has been drawn. It is awaiting approval by the Board, which will be done in Financial Year 2023/2024.

BOARD INDUCTION AND TRAINING

Board induction was done on 29th Nov. 2021 to 1st December 2021 at the Kenya School of Government, for all the Board Members except the Chairman.

The Chairman was inducted on 6th December 2021 to 8th December 2021.

The induction program was coordinated by State Corporations Advisory Committee in Partnership with Kenya School of Government Mombasa for many Boards across the country.

PROCESS OF APPOINTMENT OF BOARD MEMBERS

The chairman is appointed by the president.

Three Board members are institutional, that is Principal Secretary Treasury, Principal Secretary Trade, Principal Secretary Mining.

Other three Board members are appointed by the Cabinet Secretary for Mining in accordance with the provisions of the Mining Act, 2016.

ROLE OF THE BOARD

The role of the board is set out in the Mwongozo code of conduct by State Corporations Advisory Committee.

The board gives leadership direction to the corporation. It's also supposed to recruit top managers for the corporation. The board approves critical policy documents like human resource policy, career guidelines, organizational structure and staff establishment.

BOARD AND MEMBER PERFORMANCE

A self-evaluation was done in July 2022, which is outside the reporting period of this financial statement. However, the board approved most of the instruments that needed approval. Members performed well collectively and individually.

CONFLICT OF INTEREST

There was no conflict of interest reported as recorded in the conflict register.

BOARD RENUMERATION

The chairman receives monthly honoraria. Whenever there is a Board meeting a sitting allowance is paid in accordance with SCAC circulars.

ETHICS AND CONDUCT & GOVERNANCE AUDIT

The board performed well there was no case reported in terms of governance issues.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

The Corporation received Ksh 36.28 Million and had no surplus arrears from previous years.

The new board was inducted and familiarised with the mining landscape in Kenya.

Key policy documents including the organizational structure, career guidelines, staff establishment, human resource and procedures manual have been developed and finalised and approved by the board. Medium Term IV projects have been conceptualised and awaiting funding. Our minerals of interest will in future include: Gold, Coltan, Rare Earth Minerals, Graphite, Phosphates, and Gemstones.

We are working on investment model which will include strategic partnerships and venture capital in order to develop our mineral resources.

We are deploring modalities of actualizing acquisition of the 10% free carried interest in large scale mining companies.

We are also exploring ways of raising equity to fund our projects, and convincing Treasury to fund our projects so that the organization becomes self-sustaining.

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

With the world economy adapting green energy initiatives, we shall take that opportunity and invest in the transition minerals which Kenya has plenty. We are opportunity the future is Bright for the mineral sector and hence the organization.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

National Mining Corporation exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on four pillars.

- Pillar 1: Growth of Mining and Mineral Resources
- Pillar 2: Sustainable Development of Mineral Assets
- Pillar 3: Governance and Operational excellence
- Pillar 4: Mineral Market and Business Development

ENVIRONMENTAL AND SUSTAINABILITY

Though the Corporation has not begun income generating projects, we shall put in place environmental management programs, staff welfare programs, community engagement programs, health and safety projects, fair trade policies, community development agreements in order to ensure our citizen are having benefits from our organization.

IX. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30 June, 2023 which show the state of the National Mining Corporation affairs.

Principal activities

- 1 Engage in Mineral prospecting and mining and any other related activity.
- 2 Invest on behalf of the National Government
- 3 Acquire by agreement or hold interests in any undertaking, enterprise or project associated with exploration, prospecting and Mining.
- 4 Acquire shares or interests in any firm, company or other body of persons, whether corporate or incorporated which is engaged in the Mining, prospecting, refining, grading, producing, cutting, processing, buying, selling or marketing of minerals and
- 5 Carry on its business, operations and activities whether as a principal agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms or bodies corporate.

Results

The results of the Corporation for the year ended 30 June, 2023 are set out on financial statements. The Corporation still depends on the National Treasury for budget allocation.

Dividends

No dividends were declared as the Corporation has no revenue generating projects.

NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

Directors

The members of the Board of Directors who served during the year are shown on page (v) In accordance with Financial Regulations.

Auditors

The Auditor General is responsible for the statutory audit of the National Mining Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants nominated by the Auditor General to carry out the audit of the Corporation for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

1. Mr. Joe Ager
2. Mr. Elijah Mwangi, CBS
3. Dr. Bruno Linyiru
4. Mr. Peter Wachira
5. Mr. Faisal Shariff Ibrahim
6. Mr. Robin Kaumbuthu
7. Mr. Kagwe Gichohi

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (Mining act and the National Mining Corporation regulations 2017, Directors to prepare financial statements in respect of the Corporation, which give a true and fair view of the state of affairs of the corporation at the end of the financial year/period and the operating results of the National Mining Corporation for that year/period. The Directors are also required to ensure that the National Mining Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the corporation. The Directors are also responsible for safeguarding the assets of the National Mining Corporation.

The Directors are responsible for the preparation and presentation of the National Mining Corporation financial statements, which give a true and fair view of the state of affairs of the corporation for and as at the end of the financial year (period) ended on 30 June, 2023 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 National Mining Corporation; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the National Mining Corporations financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and


NATIONAL MINING CORPORATION
Annual Reports and Financial Statements
For the year ended 30 June, 2023

estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the National Mining Regulations, 2017). The Directors are of the opinion that the Corporation's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2023, and of the National Mining Corporation financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the National Mining Corporation'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 National Mining Corporation 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 National Mining Corporation financial statements were approved by the Board on 4th March, 2024 and signed on its behalf by:


.....

Hon Joseph K. Lagat

Chairperson of the Board

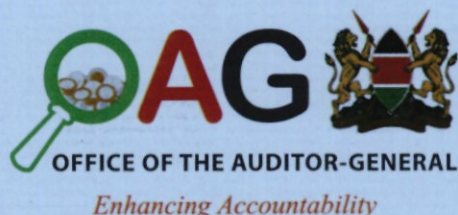

.....

Thomas Mutwiwa

Accounting Officer/MD/CEO

REPUBLIC OF KENYA

Phone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL MINING CORPORATION FOR THE YEAR ENDED 30 JUNE, 2023

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, gazetted 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 the 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 controls, 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, the Public Finance Management Act, 2012 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

Qualified Opinion

I have audited the accompanying financial statements of National Mining Corporation set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2023, and the statement of profit or loss and other comprehensive income,

Report of the Auditor-General on National Mining Corporation for the year ended 30 June, 2023

statement of changes in equity, statement of cash flows and 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Mining Corporation as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Mining Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Doubtful Long Outstanding Receivable

The statement of financial position reflects trade and other receivables balance of Kshs.11,722,984, as disclosed in Note 7 to financial statements. Review of records revealed that the amount was in respect of dues from the Ministry of Petroleum and Mining as a reimbursable cost incurred by the Corporation on behalf of the Ministry at Fluorspar Day and Boarding Primary School, which had been taken over by the Ministry following the closure of Fluorspar Mining Company on 31 March, 2018. The amount has remained unpaid, making its recoverability doubtful.

Under the circumstances, the accuracy and recoverability of trade and other receivables balance of Kshs.11,722,984 could not be confirmed.

2. Unsupported Foreign Travel Payments

The statement of profit or loss and other comprehensive income reflects administration costs totaling to Kshs.20,203,981. As disclosed in Note 2 to the financial statements, the amount includes Kshs.4,500,647 incurred in respect of foreign transportation, travelling and subsistence. Review of the expenditure revealed Kshs.1,870,000 which was not supported by invitation letters, air tickets, boarding passes, entry and exit stamps in passports, and after training reports. Further, the expenditure revealed Kshs.285,475 which was paid by National Mining Corporation contrary to the Chief of Staff and Head of Public Service letter dated 25 January, 2023 which had indicated that expense relating to the trip was to be borne by the State Department for Mining.

In the circumstances, the completeness and propriety of expenditure on foreign travel and subsistence amounting to Kshs.4,500,647 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Mining Corporation 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 qualified 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 period under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Services

During the year under review, Management procured services for provision of air tickets for employees and Board Members. Review of documents provided for audit revealed the following anomalies:

- i. Procurement of services from a tours and travel Company through request for quotations were not supported by minutes of bids opening and evaluation committee minutes contrary to Section 80 of the Public Procurement and Disposal Act, 2015.
- ii. Management did not provide a list of prequalified suppliers, thus it was not confirmed how the bidders invited to quote were identified.
- iii. No evidence was provided to indicate that the successful bidder was notified and accepted the award in writing as required in Section 87 of the Public Procurement and Disposal Act, 2015.
- iv. There was no evidence of a professional opinion to the accounting issued by the Head of Supply Chain for approval before award was made as required by Section 84 of the Public Procurement and Assets Disposal Act, 2015.
- v. Procurement of services from a local tour and travel company for provision of return air tickets from Mombasa to Nairobi at a cost of Kshs.38,540 was not supported by evidence of appointment of evaluation committee members by the accounting officer as required in Section 46 of the Act.
- vi. For the award above, no evidence was provided to confirm that the accounting officer notified the successful tenderer in writing. and if the successful bidder accepted the award in writing. as per Section 87(3) of the Public Procurement and Asset Disposal Act (2015).

In the circumstances, Management was in breach of the law.

2. Payment of Special Duty Allowances Beyond Stipulated Period

The statement of profit or loss and other comprehensive income reflect employee's compensation of Kshs.2,239,837 as further disclosed in Note 3 to the financial statements. Review of records supporting the expenditure revealed special duty allowance payments amounting to Kshs.507,058 to three employees who were performing their duties in acting capacity for a period exceeding 12 months. This was contrary to Section C.15(4) of the Public Service Commission Human Resources and Procedures Manual which provides that Special Duty Allowance will not be payable to an employee for a period of not more than six (6) months within which the position should be advertised and competitively filled.

In the circumstances, Management was in breach of the law.

3. Unauthorized Board Expenses

The statement of profit or loss and other comprehensive income reflects Board of Management expenses totaling Kshs.13,752,484 which was 43% of the Corporation operations budget of Kshs.32,317,000. The expenditure exceeded the set limit of 5% of the operations and maintenance budget, equivalent to Kshs.1,615,850, as per Head of Public Service circular issued on 11 March, 2020, by Kshs.12,136,634.

In circumstances, the Board was in breach of the law.

4. Non-Compliance to Mwongozo Guidelines

During the year under review, the Corporation and its Board of Management lacked key policy documents including; Risk Management policy, Information Communication, Technology (ICT) policy, and a Board Charter to define the roles, responsibilities and functions of the Board. In addition, the Board was yet to conduct a Governance and Legal compliance audit. Further, The Board was composed of only one gender, thus lacked gender balance.

In the circumstances, the Corporation's Board was in breach of requirements of Mwongozo Code of Governance for state corporations.

5. Acting of Managing Director Beyond the Recommended Period

As previously reported, review of records revealed that the Cabinet Secretary, Ministry of Petroleum and Mining appointed the acting Managing Director on 29 November, 2018 to operationalize the Corporation. However, despite the existence of a Board, the Corporation was yet to appoint a substantive Managing Director or Chief Executive Officer long after expiration of the maximum allowable duration of six months. This is contrary to the provisions of Section 34(3) of the Public Service Commission Act, 2017 which provides that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

In the circumstances, Management was in breach of the law.

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 comply, 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 overall governance were not effective.

Basis for Conclusion

1. Lack of IT Internal Controls

Review of the IT internal control environment of the Corporation revealed that, there was no documented IT Strategic Committee, IT Security Policy, Disaster Recovery Plan and a policy which regulates physical access to IT environments.

In the circumstances, there were no approved processes and guidelines on how to mitigate IT risks that may have occurred to the entity during the financial year under review.

2. Unlabeled Corporation Assets

Review of the fixed asset register maintained by the Corporation and a physical verification of the assets carried out during audit in January, 2024, revealed that the assets are not tagged for ease of identification and movement. Further, the assets register provided did not include information such as date of acquisition, asset number, serial numbers, and condition of the assets.

In the circumstances, the security, location and condition of the fixed assets could not be ascertained.

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 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Corporation's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Corporation or cease the 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 preparing and presenting the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process, reviewing the effectiveness of how Management 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 comply 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.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

Report of the Auditor-General on National Mining Corporation for the year ended 30 June, 2023

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 Corporation'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 Corporation to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Corporation to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 April, 2024

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XII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023.

	Note	2022-2023	2021-2022
		Kshs	Kshs
REVENUE			
Grants from the National Government	1	36,227,409.00	29,000,000.00
TOTAL REVENUES		36,227,409.00	29,000,000.00
OPERATING EXPENSES			
Administration Costs	2	20,203,981.15	38,213,795.20
Employees Compensation	3	2,239,837.50	2,917,706.70
Board of Management Expenses	4	13,752,483.95	8,333,364.05
Depreciation	5	3,406,870.50	3,400,478.50
TOTAL OPERATING EXPENSES		(39,603,173.10)	(52,865,544.45)
PROFIT/(LOSS) BEFORE TAXATION		(3,375,764.10)	(23,865,544.45)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(3,375,764.10)	(23,865,544.45)

The financial statements were approved by the Board on 04/03/ 2024 and signed on its behalf by:

Ag.C.E.O/ M. D



Thomas Mutwiwa

Head of Finance



CPA Boniface Wanjohi

ICPAK No:8668

Chairman of the Board



Hon Joseph K. Lagat


NATIONAL MINING CORPORATION
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XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	6	6,314,001.00	9,640,971.50
Total Non-Current Assets		6,314,001.00	9,640,971.50
Current Assets			
Trade and other receivables	7	11,722,984.00	11,722,984.00
Bank and cash balances	8	110,566.45	2,876.75
Total Current Assets		11,833,550.45	11,725,860.75
Current Liabilities			
Trade and other Payables	9	(2,249,309.00)	(2,172,725.70)
Total Assets		15,898,242.45	19,194,106.55
EQUITY AND LIABILITIES			
Capital and Reserves			
Retained earnings			
Capital and Reserves		15,898,242.45	19,194,106.55
Non-Current Liabilities			
Total Non-Current Liabilities			
TOTAL EQUITY AND LIABILITIES		15,898,242.45	19,194,106.55

The financial statements were approved by the Board on 04/03/2024 and signed on its behalf by:

Ag./C.E.O/M. D

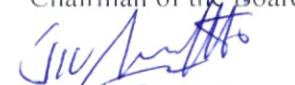

 Thomas Mutwiwa

Head of Finance


 CPA Boniface Wanjohi

ICPAK No:8668

Chairman of the Board


 Hon. Joseph K. Lagat

XIV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023


	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2022				19,194,106.55			19,194,106.55
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Purchase of Non-Current Assets	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(3,375,764.10)	-	-	(3,375,764.10)
Capital/Development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/ amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid – 2022	-	-	-	-	-	-	-
Interim dividends paid – 2023	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
As at June 30, 2023				15,818,342.45	-	-	15,818,342.45

The financial statements were approved by the Board on 04/08/2024 and signed on its behalf by:


Ag./C.E.O/M. D


Thomas Mutwiwa

Head of Finance


CPA Boniface Wanjohi
ICPAK No:8668

Chairman of the Board


Hon. Joseph K. Lagat

XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM/(USED IN) OPERATIONS	1	36,227,409.00	29,000,000.00
Operating Expenses		(39,603,173.10)	(52,865,544.45)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		(3,375,764.10)	(23,865,544.45)
Trade and Other payables b/f		(2,172,725.70)	
Depreciation for the year	5	3,406,870.50	3,400,478.50
Trade and other payables	9	2,249,309.00	2,172,725.70
Total		107,689.70	5,573,204.20
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		107,689.70	(18,292,340.25)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8	2,876.75	18,295,217.00
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	110,566.45	2,876.75

The financial statements were approved by the Board on 04/03/ 2024 and signed on its behalf by:

Director General/C.E.O/M. D

Head of Finance

Chairman of the Board


Thomas Mutwiwa


CPA Boniface Wanjohi


Hon. Joseph k. Lagat

ICPAK No:8668

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE
2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from the Government	39,000,000.00	(2,772,591.00)	36,227,409.00	36,227,409.00	0.00	100%
Total income	39,000,000.00	(2,772,591.00)	36,227,409.00	36,227,409.00	0.00	100%
Expenses						
Compensation of employees	3,000,000.00	0.00	3,000,000.00	2,239,837.50	760,162.50	75%
Operating Expenses-Admin Costs	23,000,000.00	1,772,591.00	21,227,409.00	20,203,981.15	1,023,427.85	95%
Board of Management expenses	13,000,000.00	(1,000,000.00)	12,000,000.00	13,752,483.95	(1,752,483.95)	115%
Total expenditure	39,000,000.00	2,772,591.00	36,227,409.00	39,603,173.10	(3,375,764.10)	109%
Surplus for the period	-	-	36,227,409.00	39,603,173.10	(3,375,764.10)	109%

Note:

1. Compensation of employees' at 75% is as a result non - payment of salary top up instead only special duty allowance was partly paid to deployed staff from the Ministry due to approval for payment of the same coming very late during the year under review.
2. Board of Management expenses exceeded the budget because there was a lot for the Board in trying to put the Corporation to operationalization
3. The financial statements were approved by the Board on 04/03 2024 and signed on its behalf by:

Director General/C.E.O/M. D



Thomas Mutwiwa

Head of Finance



CPA Boniface Wanjohi

ICPAK M/NO: 8668

Chairman of the Board



Hon Joseph K. Lagat

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

National Mining Corporation is established by and derives its authority and accountability from Mining Act No 12 of 2016 the entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Corporation's principal activity is to promote Government investment that uses modern methods of Mining, Mineral Exploration, and making profit through value addition and safe environment practises.

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 Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of National Mining Corporation.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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Title	Description	Effective Date
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 41 — Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity — the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 1 — First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 3 — Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business	The amendments are effective for annual periods beginning on or after January 1,

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Title	Description	Effective Date
	combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
IFRS 17 — Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022/2023

NATIONAL MINING CORPORATION
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For the year ended 30 June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continues)

Summary of Significant Accounting Policies

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

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the entity delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which the Corporation actually receives such grants. 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.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

Summary of Significant Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are

Freehold Land	Nil
Buildings and civil works	4 %
Plant and machinery	8%
Motor vehicles, including motor cycles	25%
Computers and related equipment	33%
Office equipment, furniture and fittings	8%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Summary of Significant Accounting Policies

h) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

n) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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.

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.

o) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

Deferred Tax

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q) Cash and cash equivalents

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

r) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the

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period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

s) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

t) Retirement benefit obligations

The Corporation operates a defined contribution scheme for all full-time employees from 1st July, of every year. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time. The Corporation did not have full time employees during the Financial year ended 30 June 2022

u) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

v) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

w) Budget information

The original budget for Financial Year 2021-2022 was approved by the National Assembly on June 2021. 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 Corporation recorded additional appropriations of Ksh Nil on the 2021-2022 budget following the governing body's approval.

The Corporation's Budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Service concession arrangements

The Corporation 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.

b) Comparative figures

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

c) 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, 2023.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Corporation's financial statements in conformity with IFRS 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) 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 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.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 5.

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. (include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

1. Revenue

	2022/2023	2021/2022
Recurrent Grant from National Government		
Estimate Budget	39,000,000.00	29,000,000.00
Budget Adjustment	(2,772,591.00)	-
Total Amount Received	36,227,409.00	29,000,000.00

There was a Budget Cut of Ksh 2,772,591.00 during the year

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Total grant income during the year KShs	2022-2023 KShs
Ministry of Petroleum and Mining	29,230,000.00	-	29,230,000.00	29,230,000.00
State Department for Mining	6,997,409.00		6,997,409.00	6,997,409.00
Total	36,227,409.00	-	36,227,409.00	36,227,409.00

2. Administration Costs

Description	2022-2023 Kshs	2021-2022 Kshs
Communication services and supplies	240,756.90	240,756.00
Transportation, travelling and subsistence (Local)	8,616,695.00	12,856,233.00
Transportation, travelling and subsistence (Foreign)	4,500,647.10	-
Fuel and Oil	1,200,000.00	900,000.00
Use of goods and services	1,022,010.00	6,067,994.20
Publicity and Advertising	615,135.00	-
Contracted Services	1,000,000.00	3,480,000.00
Hospitality services	1,870,414.65	2,874,570.00
Bank Charges	12,830.00	41,300.00
Purchase of Motor Vehicles	-	11,290,000.00
Motor Vehicle service and repairs	330,649.50	-
Insurance	444,843.00	--
Auditors' Fees	350,000.00	350,000.00
Total	20,203,981.15	38,213,795.20

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3. Employees compensation

	2022-2023	2021-2022
Description	Kshs	Kshs
Special Duty Allowance-Paid	340,926.00	1,775,176.80
Special Duty Allowance-Payable	1,899,309.00	1,142,529.90
Total	2,240,235.00	2,917,706.70

There are deployed Staff only who are paid Special duty Allowance

4. Board of Management Expenses

	2022-2023	2021-2022
Description	Kshs	Kshs
Transport, Travelling and Subsistence	9,385,774.95	6,149,057.10
Honoraria Payment	960,000.00	561,117.60
Sitting Allowance	2,753,100.00	980,000.00
Pay As You Earn Tax	-	583,195.80
Insurance	569,609.00	-
Telephone Expenses	84,000.00	60,193.55
Total	13,752,483.95	8,333,564.05

5. Depreciation

	2022-2023	2021-2022
Description	Kshs	Kshs
Depreciation on Motor Vehicle	2,822,500.00	2,822,500.00
Depreciation on Computers and Electronics	577,978.50	577,978.50
Total	3,400,478.50	3,400,478.50

6. Property, Plant and Equipment

	2021-2022		
Description	Kshs	Kshs	Kshs
	COST	DEPRECIATION	NET BOOK VALUE
Motor Vehicle	11,290,000.00	5,645,000.00	5,645,000.00
Computers and Other Electronics	1,751,450.00	1,155,957.00	595,493.00
Office Equipment	79,900.00	6,392.00	73,508.00

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	2021-2022		
Description	Kshs	Kshs	Kshs
Total			6,314,001.00

ASSETS MOVEMENT SCHEDULE

Property, plant and equipment

COST	KSH	KSH		TOTALS
	Motor Vehicles	Computers and electronics	Office equipment	
As at 1 July 2021	-	-	-	-
Additions in the year	11,290,000.00	1,751,450.00	-	13,041,450.00
Transfer	-	-	-	-
Depreciation for the year	2,822,500.00	577,978.50	-	3,400,478.50
As at 30 June 2022	8,467,500.00	1,173,471.50	-	9,640,971.50
As at 1 July 2022	8,467,500.00	1,173,471.50	-	9,640,971.50
Additions in the Year	-	-	79,900.00	-
Transfer	-	-	-	-
As at 30 June 2023	8,467,500.00	1,173,471.50	79,900.00	9,720,871.50
Depreciation for the year	2,822,500.00	577,978.50	6,392.00	3,406,870.50
Net Book Value as at 30 June 2023	5,645,000.00	595,493.00	73,508.00	6,314,001.00

7. Trade and Other Receivables

	2022-2023	2021/2022
Description	Kshs	Kshs
Gross trade and other receivables	11,722,984	11,722,984
Provision for bad and doubtful receivable	Nil	Nil
Net trade and other receivables	11,722,984	11,722,984

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Trade receivables are for a previous period

8. Bank and Cash Balances

	2022-2023	2021-2022
	Kshs	Kshs
Cash at bank	110,566.45	2,876.25
Cash in hand	Nil	Nil
	110,566.45	2,876.25

Detailed analysis of the cash and cash equivalents

		2022-2023	2021/2022
Financial institution	Account number	Kshs	KShs
a) Current account			
National Bank - Hill Plaza	01020214073600	110,566.45	2,876.75
Sub- total		110,566.45	2,876.75
Grand total		110,566.45	2,876.75

9. Trade and Other Payables

	2022-2023	2021-2022
Description	Kshs	Kshs
Audit Fees for the year	350,000.00	350,000.00
Unpaid taxes	-	583,195.80
Unpaid Special Duty Allowance	1,899,309.00	1,142,529.90
Unpaid Telephone Allowance	-	97,000.00
Total	2,249,309.00	2,172,725.70

There were no pending bills during the year.

10. Incorporation

The entity is statutory entity under the Mining Act, 2016 and is domiciled in Kenya.

11. Events After the Reporting Period

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

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12. Currency

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

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XVIII. APPENDICES

APPENDIX I: 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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
001.	Internal control weakness	A deployed qualified Accountant is in place at present.	Resolved	The Accountant is in office
002.	Lack of Board of Directors	The Board is now fully appointed and functional	Resolved.	Board of Directors are in office

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Thomas Mutwiwa

Ag. Managing Director

Date... 04/03/2024

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APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department for Mining			
For period of twelve months Period			
a. Recurrent Grants			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	01-Dec-2022	9,750,000.00	F/Y-2022-2023
	01-Dec-2022	9,750,000.00	F/Y-2022-2023
	11-April-2023	9,730,000.00	F/Y-2022-2023
	29-May-2023	6,997,409.00	F/Y-2022-2023
	Total	36,277,409.00	

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

Head of Accounting Unit

State Department for Mining

Sign.....

CPA Henry Siele

Date.....04/03/2024.....

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