

# LEASE AGREEMENT

This Lease Agreement ("Agreement") is made and entered into on this **1<sup>ST</sup> day of January, 2025**, by and between:

1. **Mr Shabbir I Khan**, residing at Plot 86, Kiranyi Arusha, hereinafter referred to as the "Landlord," which term shall, unless repugnant to the context, include her heirs, legal representatives, and assigns,

AND

2. **ARUSHA WATER DRILLING CO LTD**, a company duly incorporated under the laws of Tanzania, having its principal office at Box 2302, Sakina Arusha, hereinafter referred to as the "Tenant," which term shall, unless repugnant to the context, include its successors and permitted assigns.

## WHEREAS:

- The Landlord represents and warrants that she is the sole and absolute owner of the property described herein and is legally entitled to lease the same.
- The Tenant is desirous of leasing the property from the Landlord for lawful purposes as set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and undertakings herein contained, the parties hereto agree as follows:

### 1. Description of the Property

The Landlord hereby demises unto the Tenant the following property ("the Premises") situated at: Sakina Area, Kiranyi Ward, Arusha, together with all fixtures, fittings, and appurtenances attached thereto.

### 2. Term of Lease

The term of this lease shall commence on the **1st day of January, 2025**, and shall:

- Be for a fixed term of 12 months, expiring on the 31st day of December, 2025 ("Lease Term"), unless earlier terminated in accordance with the provisions of this Agreement; **OR**
- Continue on a month-to-month basis after the expiration of the fixed term, terminable by either party upon serving prior written notice as stipulated herein.

### 3. Rent

The Tenant covenants and agrees to pay to the Landlord a monthly rent of **TZS 1,000,000** ("Rent"), payable in advance with a **10% withholding tax** deduction. Payment shall be made to the Landlord only via BANK on or before the 1<sup>st</sup> of each month.

### 4. Utilities and Maintenance

4.1 The Tenant shall be responsible for the payment of all utilities and services consumed at the Premises, including but not limited to electricity, water and internet, unless otherwise agreed in writing.

4.2 The Landlord covenants that the Premises shall be in a good and tenantable condition at the commencement of the Lease Term.

4.3 The Tenant shall, at its own cost, keep the Premises in good repair and condition, reasonable wear and tear excepted, and shall not make any alterations or additions without the prior written consent of the Landlord.

### 5. Use of Premises

5.1 The Tenant covenants to use the Premises solely for **office use** and shall not use or permit the Premises to be used for any unlawful or immoral purposes.

5.2 The Tenant shall not assign, sublet, or otherwise part with possession of the Premises or any part thereof without the prior written consent of the Landlord, which consent shall not be unreasonably withheld.

## 6. Termination

6.1 Either party may terminate this Agreement by giving the other party not less than 30 days' prior written notice.

6.2 The Landlord may terminate this Agreement forthwith upon the occurrence of any breach by the Tenant of its obligations hereunder.

## 7. Indemnification and Insurance

7.1 The Tenant agrees to indemnify and hold the Landlord harmless against any and all claims, liabilities, damages, or expenses arising out of or in connection with the Tenant's use and occupation of the Premises.

7.2 The Tenant shall procure and maintain adequate insurance coverage for its personal property and liabilities arising from its use of the Premises.

## 8. Governing Law and Dispute Resolution

8.1 This Agreement shall be governed by and construed in accordance with the laws of The United Republic of Tanzania.

8.2 Any disputes arising out of or in connection with this Agreement shall be resolved amicably through negotiation.

## 9. Entire Agreement

This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements, representations, or understandings, whether written or oral. Any amendments hereto shall be valid only if made in writing and signed by both parties.

## 10. Execution

IN WITNESS WHEREOF, the parties have executed this Lease/Rent Agreement as of the date first above written.

**LANDLORD: MS. SHABBIR I KHAN**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**TENANT: ARUSHA WATER DRILLING CO LTD**

Designation: **DIRECTOR**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**ARUSHA WATER DRILLING COMPANY LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MAY 2024**

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## **ARUSHA WATER DRILLING COMPANY LIMITED**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31<sup>st</sup> MAY 2024**

#### **FUTURE DEVELOPMENT PLANS**

The company will continue to improve its profitability through the introduction of quality services, focusing on value-added customer services and selective expansion of its service lines while carefully managing both costs and risks. The company future plans as follows are;

- Expanding marketing portfolios in, Tanzania, Europe and United states
- Engaging marketing consultants to ensure funds invested in the marketing yield the desired results.

#### **CORPORATE GOVERNANCE**

The Board of Directors consists of two directors, of which one director hold executive position in the company. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day-to-day management of the business to the Managing Director, assisted by the management team. Management facilitates the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units. The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency, and accountability.

#### **THE COMPANY'S CAPITAL STRUCTURE**

The company's capital structure is composed of share capital and retained earnings. The Company's authorized share capital is TSh 10,000,000, and it's issued and paid-up share capital was TSh 10,000,000.

#### **RESULTS AND DIVIDEND**

The results of the company are set out on **page 12**. The directors do not recommend the payment this year.

#### **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- Safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders.