

**ARUSHA WATER DRILLING**

**COMPANY LIMITED**

**FINANCIAL STATEMENTS AS AT**

**31ST MAY, 2023**

TAN AUDITORS  
ACCOUNTANT & AUDITORS  
P. O. BOX 11581  
ARUSHA

**ARUSHA WATER DRILLING COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MAY, 2023**

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# **ARUSHA WATER DRILLING COMPANY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MAY, 2023**

### **DIRECTORS REPORT TO THE MEMBERS OF**

The Directors present this report and audited financial statements for the year ended 2023 which disclose the state of affairs of ARUSHA WATER DRILLING COMPANY LTD.

#### **1 Incorporation**

The company is incorporated in Tanzania under Companies Act as a Private Company limited by shares

The Company's contact address is;

**P.O.Box  
Arusha**

#### **2 Principal Activity**

The Principal activity of the company during the year was **WATER DRILLING.**

#### **3 Directors of the Company**

The Directors of the company at the date of this report are;

**Mr. Shabbir I. Khan  
Ms. Nabeela A. Khan**

#### **4 Composition and Responsibilities of the Board of Directors.**

The Board of Directors consists of two Directors. 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 and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures are in operative and comply with sound Corporate Governance Principle.

The Company is committed to the principle of effective Corporate Governance. The Directors also recognize the importance of integrity, transparency and accountability.

#### **5 Results and Dividends**

The Board of Directors is not proposing a dividend for the year 2023

#### **6 Risk Management and Internal Control**

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

- (a) The effectiveness and efficiency of operations
- (b) The safeguarding of the Company assets
- (c) Compliance with applicable laws and regulations
- (d) Business sustainability under normal as well as adverse conditions
- (e) Responsible behaviours towards all stakeholders

**ARUSHA WATER DRILLING COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MAY, 2023**  
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- (a) The effectiveness and efficiency of operations
- (b) The safeguarding of the Company assets
- (c) Compliance with applicable laws and regulations
- (d) Business sustainability under normal as well as adverse conditions
- (e) Responsible behaviours towards all stakeholders

The efficiency of any internal control system is dependent on the strict observance prescribed measures.

There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatements or losses, the Company's system is designed by the Board with reasonable assurance that the procedures set in place are operating effectively.

## **7 Solvency**

The Board of Directors confirm that applicable accounting standards have been followed and that the financial statements have been prepared in an ongoing concern basis. The Directors therefore consider the Company to be Solvent.

## **8 Employee Welfare**

### **8.1 Mangement and Employee Relationship**

There was a continued good relation between employees and management for the year 2023, there were also no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and employees union.

### **8.2 Health and Safety**

The Company has strong and safety department which assure that strong culture of safety prevails at all times. A safe working environment is assured for all employees and workers.

### **8.3 Financial assistance of staff**

Loans are available to all confirmed employees depending on assessment of and the discretion of management as to the need and circumstances.

## **9 Political and Charitable Donations**

The Company did not make any donations during the year.

## **10 Statement of Directors' Responsibility**

The Company Act No.12 of 2002 requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year.

It also requires the Directors to ensure that the company maintains proper accounting records that disclose with reasonable accuracy the financial position of the company and hence forth taking reasonable steps for prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of financial statements and that they are free from material misstatements whether due to fraud or error.

  
.....  
**MANAGING D I R E C T O R**  
DATE: .... / ..... / .....

**ARUSHA WATER DRILLING COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MAY, 2023**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY**

**Opinion**

We have audited the accompanying financial statements of ARUSHA WATER DRILLING COMPANY LTD Which comprise of the statement of financial Position as at 31st May, 2023, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes set out on pages 8 to 10. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of Arusha Water Drilling Company Limited As at 31st May, 2022 and of its operations and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

**Basis of our opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the proprietorship in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Directors**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAS will always detect a material misstatement when it exist. 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. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
3. 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.
4. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

This report, including the opinion, has been prepared for, and only for the Entity and for the purpose of Tax Computation and for no other purposes.

**TAN AUDITORS**  
P.O. Box 11581 Arusha  
Certified Public  
Accountant in Public  
Practice PF 353

**TAN AUDITORS**  
**CERTIFIED PUBLIC ACCOUNTANT IN PUBLIC PRACTICE**  
**ARUSHA.**

**ARUSHA WATER DRILLING COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MAY, 2023**  
**STATEMENT OF COMPREHENSIVE INCOME**

	<b>Notes</b>	<b>2023</b> <b>Tshs</b>	<b>2022</b> <b>Tshs</b>
<b>Revenue</b>	<b>3.0</b>	407,170,926	327,779,703
Direct Expenses	<b>4.0</b>	317,793,613	227,826,180
<b>Gross profit</b>		<b>89,377,313</b>	<b>99,953,523</b>
Administrative expenses	<b>5.0</b>	177,489,790	59,520,493
Other Expenses (Depreciation)	<b>6.0</b>	39,938,747	26,233,589
<b>Total Expenses</b>		<b>217,428,536</b>	<b>85,754,083</b>
<b>Operating Profit Before Tax</b>		<b>(128,051,223)</b>	<b>14,199,440</b>
Income tax	<b>7.0</b>	-	4,259,832
<b>Net profit/loss for the year</b>		<b>(128,051,223)</b>	<b>9,939,608</b>
<b>Statement of Comprehensive Income</b>			
Profit / (Loss) for the year		(128,051,223)	9,939,608
<b>Total Comprehensive Income</b>		<b>(128,051,223)</b>	<b>9,939,608</b>

  
 .....  
**DIRECTOR**

NOTES 1 TO 11 FORM INTEGRAL PART OF THESE FINANCIAL STATEMENTS, AUDITORS REPORT PAGE 3

**ARUSHA WATER DRILLING COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MAY, 2023**  
**STATEMENT OF FINANCIAL POSITION**

	<u>Notes</u>	<b>2023</b> Tshs	<b>2022</b> Tshs
<b><u>ASSETS</u></b>			
<b><u>Non-Current Assets</u></b>			
Property, Plant & Equipment	<b>2.0</b>	227,418,250	183,635,126
<b>Total Non-Current Assets</b>		<b>227,418,250</b>	<b>183,635,126</b>
<b><u>Current Assets</u></b>			
Trade and Receivables	<b>12.0</b>	3,120,110	1,168,285
Cash & Cash Equivalents	<b>8.0</b>	25,896,279	24,337,597
<b>TOTAL CURRENT ASSETS</b>		<b>29,016,390</b>	<b>25,505,882</b>
<b>TOTAL ASSETS</b>		<b>256,434,639</b>	<b>209,141,008</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Taxation	<b>7.0</b>	(46,538,729)	(20,699,382)
Directors' Current Acvcounts		7,898,489	-
Creditors & Accruals	<b>11.0</b>	751,236,953	557,951,241
<b>TOTAL CURRENT LIABILITIES</b>		<b>712,596,713</b>	<b>537,251,859</b>
<b>TOTAL LIABILITIES</b>		<b>712,596,713</b>	<b>537,251,859</b>
<b><u>FINANCED BY:</u></b>			
Share Capital	<b>9.0</b>	10,000,000	10,000,000
Retained Earnings	<b>10.0</b>	(466,162,074)	(338,110,851)
<b>TOTAL EQUITY</b>		<b>(456,162,074)</b>	<b>(328,110,851)</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>256,434,639</b>	<b>209,141,008</b>

  
 .....  
**DIRECTOR**

**NOTES 1 TO 11 FORM INTEGRAL PART OF THESE FINANCIAL STATEMENTS, AUDITORS REPORT PAGE 3**

**ARUSHA WATER DRILLING COMPANY LIMITED**

Annual  
Report  
2023/24

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***THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MAY 2024***

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**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**

**COMPANY'S INFORMATION FOR THE YEAR ENDED 31ST MAY 2024**

**PRINCIPAL PLACE OF BUSINESS** United Republic of Tanzania.

**REGISTERED OFFICE** Raskazoni – Sakina  
Namanga Road, Arusha  
P O Box 2302  
Arusha – Tanzania.

**BANKERS** CRDB Bank PLC  
Arusha Branch  
Arusha – Tanzania

**COMPANY AUDITORS** **IPS-INSIGHT MANAGEMENT CONSULTANCY**  
Certified Public Accountants in Public Practice  
P.O.Box 32135, Dar es Salaam, Tanzania  
Shangwe Complex, Bock 14, Kigamboni

## ARUSHA WATER DRILLING COMPANY LIMITED

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

#### INTRODUCTION

The directors present this report and the audited Financial Statements for the year ended 31<sup>st</sup> May 2024 which disclose the situation of the Company as at that date. The Report of those charged with governance has been prepared in full compliance with requirements of the Tanzania Financial Reporting Standards No. 1 "The Report of those charged with governance".

#### INCORPORATION

The Company Limited is a profit-making company established in the United Republic of Tanzania in under the Companies Act 2002 as a private company limited by shares and issued with a certificate of incorporation Number 126958 dated 07th June 2016.

#### PRINCIPAL ACTIVITY

The principal activities of the company:

- To undertake the business of Water Drilling, hydrological survey, rock determination and soil observation.
- To undertake the business of quality water measurement, treatment pumping and storage planning.
- To deal with Drilling equipment's, parts maintenance, training and service.

#### OPERATING AND FINANCIAL REVIEW

##### Financial review

During the year ended 2024 the company recorded the sales increase by TSH 55,819,471 compared to the previous year (equivalent to 12%)

Tanzania Shillings	31 May 2023/24	31 May 2022/23
Revenue	462,990,397	407,170,926
Cost of sales	(355,786,617)	(323,183,613)
Gross profit	107,203,780	83,987,313
<b>Gross profit</b>	<b>23%</b>	<b>21%</b>

##### Key Performance Indicators

Area of performance	Indicator	Performance	Standard
Financial Indicators	<b>Current Ratio</b>	<b>1.46:1</b>	<b>1:1</b>
	<b>Quick Ratio</b>	<b>1.46:1</b>	<b>1:1</b>
	<b>Operating Margin</b>	<b>- 42%</b>	<b>At least positive</b>

## **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.

## ARUSHA WATER DRILLING COMPANY LIMITED

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

### COMPOSITION OF BOARD MEMBERS AND SHAREHOLDERS

During the year the company was advised by Board members to implements its plans during the year 2024.

#### Board members

Name	Nationality	Appointment
Shabirahmed Ibrahim Khan	Tanzanian	Appointed in June 2016
Nabeela Ali Khan	Tanzanian	Appointed in June 2016

The board meets quarterly in a year to discuss the company's operational plans of the company.

### SHAREHOLDERS OF THE COMPANY

The company is owned by three persons who also directors of the company. During the year the following shareholders had the following distribution of shares.

Name	Nationality	Number shares
Shabirahmed Ibrahim Khan	Tanzanian	90 ordinary shares
Nabeela Ali Khan	Tanzanian	10 ordinary shares

### MANAGEMENT OF THE COMPANY

The Management of the Company is under the Managing Director and is organized in the following departments:

Name	Position/Departments
Shabirahmed Ibrahim Khan	Managing Director
Nabeela Ali Khan	Director
Pius Mwaura Ngugi	Operations Manager
Tunza Anthony Kafuko	Accountant

### SOLVENCY

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has a reasonable expectation that Arusha Water Drilling Company Limited has no adequate resources to continue in operational existence for the foreseeable.

## ARUSHA WATER DRILLING COMPANY LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31ST MAY 2024

#### EMPLOYEES WELFARE

##### Management and Employees' Relationship

There were continued good relation between employees and management for the year 2024. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

##### The company is equal opportunity employer

The company gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

##### Financial help

Financial help is available to all employees depending on the assessment by management as to the need and ability of the company to help.

##### Health and safety

The Company has a strong health and safety section which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees by providing adequate training and supervision as necessary.

##### Employees Benefit Plan

The company pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

#### POLITICAL AND CHARITABLE DONATIONS

The Company made some social charitable donations to various community groups during the year.

#### RELATED PARTY TRANSACTIONS

All related party transactions and balances, including directors are disclosed in Note 11 to these financial statements.

#### GENDER PARITY

The Company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, and disability, which does not impair the ability to discharge duties. The average number of employees during the year 2024, were: 15 (2023:13)

Gender	31 May 2024	31 May 2023
Male	14	11
Female	1	2

#### ENVIRONMENTAL CONTROL PROGRAM

The Company monitors the impact of its operations on the environment, which is mainly through the use of power, water and the generation of waste. The company minimizes its impact through the better use of rented premises and inbuilt facilities to ensure that there is proper waste management.

**ARUSHA WATER DRILLING COMPANY LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31ST MAY 2024 (Continued.....)**

**STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE**

The company's directors are responsible for preparing the financial statements for each financial year that give a true and fair view of the company's state of affairs as at the end of the financial year and of its profit or loss for that year in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management that discloses, with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

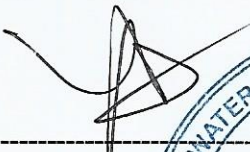
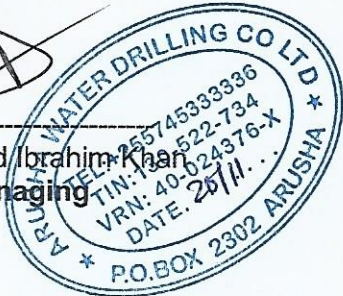
The directors have assessed the company's ability to continue as a going concern and have no reason to believe that it will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

**Approval of financial statements**

IPS-Insight Management Consultancy were appointed in accordance with section 170(1) of the companies Act 2002, and have expressed their willingness to continue in office in accordance with section 170(2) of the Companies Act 2002.

By order of the Board

  
-----  
Shabirahmed Ibrahim Khan  
Director Managing  


Date: 20/Nov/2024

**ARUSHA WATER DRILLING COMPANY LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31<sup>st</sup> MAY 2024 (Continued.....)**


**DECLARATION OF AN ACCOUNTANT**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I NURU AARON NGOTIYA being an Accountant of Arusha Water Drilling Company Limited here by acknowledge my responsibility of ensuring that financial statements for the year ended 31 May 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position **Arusha Water Drilling Company Limited** as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

NBAA Membership No: ACPA-PP3050

Position: **Ag. Accountant**

Date: 20 November 2024

## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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

## INDEPENDENT AUDITORS 'REPORT (Continued)

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other Legal and Regulatory Requirements

As required by the Companies Act 12, 2002 of Tanzania we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. The report by those charged with governance is consistent with the financial statements;
- iii. In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iv. The statement of income and statement of financial position are in agreement with the books of account.

This report is signed by **CPA Philipina Eustack Sway** who is engagement partner responsible to this audit.

Certified Public Accountants in Public Practice



Philipina Eustack Sway (ACPA-PP 3463)  
IPS - Insight Management Consultancy  
DAR ES SALAAM, TANZANIA


21<sup>st</sup> Nov 2024

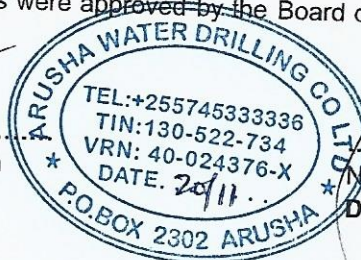
**ARUSHA WATER DRILLING COMPANY LIMITED**

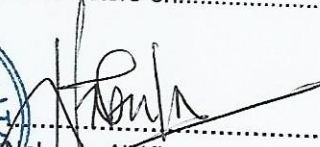
**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MAY 2024**

	Notes	2023/24 TZS	2022/23 TZS
<b>REVENUE</b>			
Direct Costs	3	462,990,397	407,170,926
Gross profit	4	<u>(355,786,617)</u>	<u>(323,183,613)</u>
		107,203,780	83,987,313
Other income	5	1,651,634	-
Administrative expenses	6	(300,732,065)	(178,489,264)
Marketing expenses	7	<u>(1,320,788)</u>	<u>(33,549,273)</u>
Loss before tax		(193,197,439)	(128,051,224)
Income Tax	9	317,055	-
<b>LOSS FOR THE YEAR</b>		<u><b>(192,880,384)</b></u>	<u><b>(128,051,224)</b></u>

These financial statements were approved by the Board of directors on.....2024 and signed on its behalf by:

  
 .....  
 Shabirahmed Ibrahim Khan  
 Managing Director



  
 .....  
 Nabeela Ali Khan  
 Director

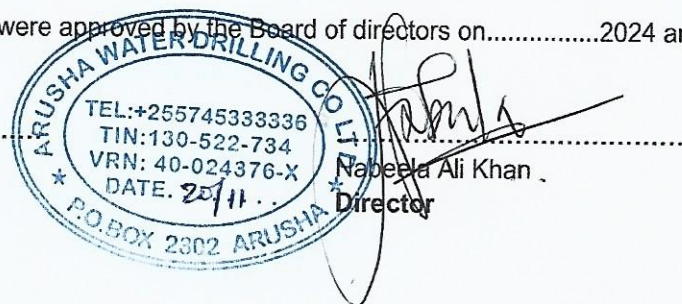
**ARUSHA WATER DRILLING COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31ST MAY 2024**

<b>ASSETS</b>	<b>Notes</b>	<b>2023/24</b>	<b>2022/23</b>
<b>Non-current assets</b>		<b>TZS</b>	<b>TZS</b>
Property, Plant and Equipment	14	276,810,476	227,418,249
Deferred Tax liabilities	8.2	317,055	-
		<u>277,127,531</u>	<u>227,418,249</u>
<b>Current assets</b>			
Cash and cash equivalents	18	97,061,045	25,896,279
Trade and other receivables	11	93,112,235	119,913,206
Current Tax assets	8.1	55,059,836	46,538,729
<i>Total current assets</i>		<u>245,233,115</u>	<u>192,348,214</u>
<b>TOTAL ASSETS</b>		<u><b>522,360,646</b></u>	<u><b>419,766,463</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	10,000,000	10,000,000
Retained earnings	18	84,886,079	277,766,463
		<u>94,886,079</u>	<u>287,766,463</u>
<b>Non-Current liabilities</b>			
Related parties	12	297,000,000	130,000,000
		<u>297,000,000</u>	<u>130,000,000</u>
<b>Current liabilities</b>			
Trade and other payables	15	130,474,568	2,000,000
Total current liabilities		<u>130,474,568</u>	<u>2,000,000</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>522,360,646</b></u>	<u><b>419,766,463</b></u>

These financial statements were approved by the Board of directors on.....2024 and signed on its behalf by:

Shabirahmed Ibrahim Khan  
Managing Director



Nabeela Ali Khan  
Director

**ARUSHA WATER DRILLING COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MAY 2024**

	Share Capital	Retainings earnings	Total Equity
	TZS	TZS	TZS
Balance at 1 June 2023	10,000,000	277,766,463	287,766,463
Loss for the year	-	(192,880,384)	(192,880,384)
<b>Balance at 31 May 2024</b>	<b><u>10,000,000</u></b>	<b><u>84,886,079</u></b>	<b><u>94,886,079</u></b>
Balance at 1 June 2022	10,000,000	405,817,687	415,817,687
Loss for the year	-	(128,051,224)	(128,051,224)
<b>Balance at 31 May 2023</b>	<b><u>10,000,000</u></b>	<b><u>277,766,463</u></b>	<b><u>287,766,463</u></b>

**ARUSHA WATER DRILLING COMPANY LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MAY 2024**

		2023/24	2022/23
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Notes	<u>TZS</u>	<u>TZS</u>
Loss before taxation		(193,197,439)	(128,051,224)
<b>Add: Adjustment for non cash income and expenses</b>			
- Depreciation and amortisation		149,227,194	39,938,747
- Gain on disposal		(1,651,634)	-
		<u>(45,621,879)</u>	<u>(88,112,477)</u>
<b>Movement in working capital:</b>			
Decrease/(Increase) in trade and other receivables		26,800,971	(1,951,825)
Increase/(Decrease) in trade and other payables		128,474,568	193,285,712
Net cash generated/(used) by operating activities		109,653,659	103,221,410
Income Tax Paid		(8,521,107)	(25,839,347)
Net cash (used in)/generated by operating activities		<u>101,132,553</u>	<u>77,382,063</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of an Asset (PPE)		(199,467,786)	(83,721,870)
Disposal of an assets		2,500,000	-
Net cash used in investing activities		<u>(196,967,786)</u>	<u>(83,721,870)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Movement in Related party balances		167,000,000	7,898,489
Net cash generated/ (used) by financing activities		<u>167,000,000</u>	<u>7,898,489</u>
Net Increase/(decrease) in cash and cash equivalents		71,164,766	1,558,682
<b>CASH AND CASH EQUIVALENTS AT</b>			
At Beginning of the year		<u>25,896,279</u>	<u>24,337,597</u>
<b>At end of year</b>	<b>13</b>	<u><u>97,061,045</u></u>	<u><u>25,896,279</u></u>

**ARUSHA WATER DRILLING COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MAY 2024**

	Share Capital	Retainings earnings	Total Equity
	TZS	TZS	TZS
Balance at 1 June 2023	10,000,000	277,766,463	287,766,463
Loss for the year	-	(192,880,384)	(192,880,384)
<b>Balance at 31 May 2024</b>	<b><u>10,000,000</u></b>	<b><u>84,886,079</u></b>	<b><u>94,886,079</u></b>
Balance at 1 June 2022	10,000,000	405,817,687	415,817,687
Loss for the year	-	(128,051,224)	(128,051,224)
<b>Balance at 31 May 2023</b>	<b><u>10,000,000</u></b>	<b><u>277,766,463</u></b>	<b><u>287,766,463</u></b>