TANZANIA BUREAU OF STANDARDS

ANNUAL REPORT & ACCOUNTS 2013/2014

Head of Chemistry Laboratory, Ms Edith Lyimo (right) apprises the Deputy Minister for Industry and Trade, Hon. Janet Mbene on the activities performed by the laboratory.

Dar es Salaam, June 2014

ABBREVIATIONS

Danida:	Danish International Development Agency
EDF:	European Development Fund
EU:	European Union
HACCP:	Hazards Analysis Critical Control Point
HRM:	Human Resource Management
FAO:	Food and Agriculture Organization
IEC:	International Electrotechnical Commission
ISO:	International Organization for Standardization
MBA:	Masters of Business Administration
MP:	Member of Parliament
MPA:	Masters of Public Administration
NEP:	National Enquiry Point
NSB:	National Standards Body
NSGRP:	National Strategy for Growth and Reduction of Poverty
PTC:	Packaging Technology Centre
PVoC:	Pre-shipment Verification of Conformity to Standards
SPS:	Application of Sanitary and Phytosanitary Measures
SADCAS:	Southern African Development Community Accreditation System
SGS:	Société Générale de Surveillance
SMEs:	Small and Medium Enterprises
SANAS:	South Africa National Accreditation System
Sida:	Swedish International Development Cooperation Agency
TASPII:	Trade and Agriculture Support Programme II
TBS:	Tanzania Bureau of Standards
TBT:	Technical Barriers to Trade
TCCIA:	Tanzania Chamber of Commerce, Industry and Agriculture
TFDA:	Tanzania Food and Drugs Authority
TPDC:	Tanzania Petroleum Development Corporation
TPRI:	Tropical Pesticides Research Institute
TZS:	Tanzania Shilling
UNIDO:	United Nations Industrial Development Organization
WHO:	World Health Organization
WTO:	World Trade Organization

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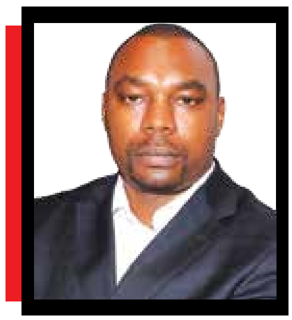

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HON. DR. ABDALLAH KIGODA (MP)
Minister for Industry and Trade
P O Box 9503, DAR ES SALAAM

Honourable Minister,

Pursuant to Section 15 subsection 3 of the Standards Act No. 2 of 2009, I have the honour of presenting to you the Annual Report of Tanzania Bureau of Standards for the financial year 2013/2014. The report contains the Audited Accounts of the Bureau for the period July 1, 2013 to June 30, 2014, together with the Director General's report on the business and state of affairs of the Bureau. I would be grateful if you would submit this report to the National Assembly.

Prof. Cuthbert Mhilu
CHAIRPERSON, TBS BOARD OF DIRECTORS

MANAGEMENT TEAM

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Acting Director General

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Director of Standards Development

MS EDNA NDUMBARO
Director of Testing, Calibration and Packaging Services

ENG TUMAINI MTITU
Director of Quality Management

MR EMMANUEL NTELYA
Acting Director of Corporate Services

MR DUNSTAN KALUGIRA
Testing and Calibration Manager

MS THERESIA HUBERT
Process Technology Standards Manager

MS ANITA KAVEVA
Finance, Planning and Administration Manager

MS MATILDA B KASANGA
Documentation and ICT Manager

Chairperson's Statement

PROF CUTHBERT MHILU
Chairperson, TBS Board of Directors

Tanzania Bureau of Standards (TBS) continued to realize growth of its activities at national, regional and international levels during the year 2013/2014. On the local scene, preparation and implementation of national and international standards continued at high tempo while TBS also continued to represent Tanzania's interests in regional and international standards bodies such as East African Standards Committee, Southern African Development Cooperation (SADC), African Regional Organization for Standardization (ARSO), International Organization for Standardization (ISO), International Elctrotechnical Commission (IEC) and the FAO/WHO Codex Alimentarius Commission.

The number of new Tanzania standards formulated increased from 165 to 196 during the year under review thereby bringing the cumulative total of 2,292.

TBS made steady progress in the area of standards implementation particularly batch certification. This in turn led to an increase in internally generated income from TZS 12,330.4 million in 2012/2013 to TZS 13,874.6 million in 2013/2014 or 12.5% increase.

During the year under review, TBS accounts were submitted and audited in time in accordance with the law, and for the nineteenth year in succession TBS received a clean report from its external auditors, Claritas International.

Future activities of the Bureau will focus on extending the scope of laboratory accreditation to include more test methods, opening of more upcountry offices at border areas, establishment of three zonal offices, modernization of standardization infrastructure and testing of packages.

Furthermore, TBS activities will be geared at supporting Small and Medium Enterprises (SMEs) and development of TBS human resource.

I extend my sincere appreciation for the tremendous support that TBS continued to enjoy from the Government of the United Republic of Tanzania, the continued support from Danida and UNIDO, support from EU through Trade and Agriculture Support Programme (TASPII) and other development partners, members of Technical Committees, clients, stakeholders and sympathizers for their valued and unwavering support.

Finally, on behalf of the TBS Board of Directors, I wish to congratulate the Management and entire staff of TBS for their commitment and contribution which has made this year a success.

Prof. Cuthbert Mhilu
CHAIRPERSON, TBS BOARD OF DIRECTORS

Director General's Report

MR. JOSEPH MASIKITIKO
Acting Director General

1. BACKGROUND

1.1 Establishment

Tanzania Bureau of Standards (TBS) was established by Act. No. 3 of 1975 under the name of National Standards Institute. The Institute became operational on 16 April, 1976 vide Government Notice No. 173 of 1976. Its name was changed to the present one of Tanzania Bureau of Standards under Act No. 1 of 1977. In March 2009 the Standards Act No. 3 of 1975 was repealed and replaced by the Standards Act No. 2 of 2009 which came to be operational in June 2009. TBS is a parastatal organization under the Ministry of Industry, Trade and Investment; and the sole National Standards Body (NSB).

1.2 Core functions

The major mandate of TBS is the promotion of standardization and quality assurance in industry and commerce. The major functions of the Bureau are as follows:-

a) Formulation and promulgation of Tanzania Standards in all sectors of the country's economy. Priorities have been established for national standards in the fields of agriculture and food, textiles and leather, chemicals, engineering, the environment and the service industry.
b) Implementation of promulgated standards through third party certification schemes including the Standards Mark Scheme.
c) Improvement of the quality of industrial products both for export and local consumption through various certification schemes like pre-export inspection and testing, batch certification scheme, the tested product certification scheme and quality system registration.
d) Promotion of standardization and quality assurance services in industry and commerce through training of personnel in company standardization, ISO 9000 and 14000 series of standards, quality assurance, laboratory techniques, accreditation, ISO 17025, ISO 15189, Packaging Technology and HACCP.
e) Undertaking the testing of product samples drawn by TBS inspectors in the course of implementing standards (certification samples), as requested by manufacturers (type-testing samples), brought by consumers (consumer complaint samples) or for checking laboratory proficiency (proficiency testing samples).
f) Undertaking calibration of industrial and commercial measuring equipment and instruments as the custodian of the national measurement standards.
g) Provision of quality assurance services in foreign countries through Pre-shipment Verification of Conformity to standards (PVoC).

1.3 Information services

TBS provides information dissemination services through its information centre to cater for standards and standards related information needs of industrialists, researchers, academicians, traders and all stakeholders. The centre maintains and updates a full set of Tanzania Standards, international standards like ISO, IEC and WHO/FAO Codex Alimentarius Commission standards, standards issued by other countries all over the world, laws and regulations, standards catalogues, journals, news bulletins and other publications related to standardization and quality assurance. The standards sales section of the centre receives enquiries and orders for copies of Tanzania standards, foreign and international standards.

TBS also hosts the National Enquiry Point (NEP) for Tanzania, under the WTO Agreements on Technical Barriers to Trade (TBT). NEP maintains a collection of the following technical information:

- Tanzania National Standards, technical regulations and conformity assessment procedures.
- International Standards belonging to International Organization for Standardization (ISO), Codex Alimentarius Commission (CAC) of the Food and Agriculture Organization (FAO) and World Health Organization (WHO), etc.
- Foreign and Regional Standards – South African Standards, British Standards, Indian Standards, Sri Lankan Standards, Malaysian Standards, Japanese Standards, German Standards, Kenya Standards, Zimbabwe Standards, Mauritius Standards, East African Standards, etc.
- Notifications from WTO members.
- DIN global database, a CD-ROM, which comprises 100,000 document references on foreign and international standards.
- Reference books, including directories, technical and scientific dictionaries and catalogues.
- Periodicals and standards related bulletins.

NEP provides the following services:

- Notifications of proposed technical regulations and conformity assessment procedures to WTO-TBT Secretariat in Geneva.
- Distribution of TBT notifications from WTO members to interested parties in Tanzania.
- Handling of comments of Tanzania notifications received from WTO members.
- Responding to requests for information both from WTO members and interested parties in Tanzania on national standards, technical regulations and conformity assessment procedures.

1.4 Structural organization

The current organizational structure of TBS is hinged upon a typical scientific institutional structure with policy-cum-functional powers vested in the Board of Directors to which the Director General is answerable. The organizational structure of the Bureau is made up of four directorates including standards development, quality management, testing, calibration and packaging services, and corporate services.

Operationally an elaborate committee system exists, through which national standards are processed and approved. The committee system includes technical committees responsible for initial scrutiny of drafts presented by the TBS secretariats, the divisional committees responsible for setting out priorities for standardization projects and endorsing drafts scrutinized by the technical committees, and the Board of Directors of TBS which is responsible for setting out policy and for approval of finalized draft standards into national standards. The implementation of standards is done by direct interaction with industry and commerce through various schemes explained in 1.2 (b) and (c) and through testing services provided to manufacturers.

TBS Board Chairman, Prof. Cuthbert Mhilu presents an award to one of the winners of the World Standards Day 2013 Essay Competition.

2. ACTIVITIES REPORT

2.1 Introduction

During the Financial Year 2013/2014, real growth rate of the Tanzanian economy increased to 6.8 percent from 6.6 percent during of the previous year 2012/2013. The slight increase in growth rate was mainly attributed to stability of microfinance policies, favourable climatic conditions and stability of electric power supply which almost affected all economic sectors in 2013/2014. This means that Tanzania Bureau of Standards (TBS) is supposed to play an effective role in the development of Tanzania's industry, consumer protection, and promotion of internal, regional and international trade.

Meanwhile, the pace of formulation of Tanzania standards and harmonization of East African standards was sustained. Standardization activities centered on promoting SMEs, internal and external trade and protection of consumers from substandard imported goods.

2.2 Standards Preparation

2.2.1 Finalized standards

During the year 2013/2014, the standards development directorate finalized a total of 196 standards compared to 165 standards in the previous year. Finalized standards included standards for fresh papaya, apple juice, guava juice, canned pineapple and concentrated black currant. Similarly, other finalized standards were specifications for test sieves for cereals, edible full fat soya flour, soya milk, cocotte, ricotta and mozzarella cheese, cultured sour milk, fresh sweet potato, dried sweet potato chips, sweet potato flour, sweet potato crisps, fresh bitter cassava, high quality cassava flour, fresh cassava leaves, composite flour, seed potato, fresh and frozen beef and lamb, chilli sauce jams, jellies and marmalades, tomato concentrates and tomato sauce and ketchup.

Other standards included specifications for processed cultivated edible mushrooms, ready to eat food for people with malnutrition, blend of skimmed milk and vegetable fat in powdered form, fruit nectars, fruit squashes, ginger, black pepper and white pepper.

Other standards included wood poles for power and telecommunication lines, wood poles and blocks for power and telecommunication lines, wood preservatives and treated timber for wood preservation, seat belt assemblies for motor vehicles, anchorages for automobile seat belts, re-treaded car and commercial vehicle tyres, continuous hot-dip zinc-coated carbon steel sheet of commercial and drawing qualities, steel sheet and strip, heavy thickness coils, carbon, hot-rolled and metallic materials.

Textile standards included standards for leather and hides and code of practice for inspection and acceptance criteria for used footwear (mitumba).

Chemical specifications included skin powder, automatic transmission fluids for road vehicles, deodorants and antiperspirants, synthetic laundry detergents for household use, antibacterial solid and liquid toilet soap, synthetic industrial detergent powder, synthetic detergent paste, instant hand sanitizer, oven cleaner and grease remover, carpet and upholstery shampoo and liquid cleanser for toilet bowls and urinals.

Environment standards included general tolerance limits for environmental and occupational noise, sound level meters, description, measurement and assessment of environmental noise, tolerance limits for noxious gases/ fumes, determination of ammonia, bromine, carbon dioxide, carbon monoxide and chlorine in workplace atmosphere.

Test methods standards included overall migration of materials and articles in contact with foodstuffs, migration into olive oil by cell, by article filling, using a pouch and migration into aqueous food simulants using a pouch, and by cell. Others included determination of nail and screw holding power under axial load in timber structures, mechanical tests for sealed portable secondary cells and batteries containing alkaline or other non-acid electrolytes, laboratory testing of soil for particles size distribution of Waterberg limits and density of fine grained soils, plastics crates for fruits and vegetables, insulated bags and boxes, guidelines for quality plans and requirements for uncut finished spectacle lenses.

Other test methods standards included determination of vitamins in flours (Vitamins A and B2), determination of iron in flours, determination of moisture content, determination of mass of 1000 grains in cereals and cereal products, determination of lactose content by photometric method, contents of scorched particles and of extraneous matter in casein and caseinates (cheese), method for determination of cadmium content using graphite furnace atomic absorption spectrometry in fruits, vegetables and derived products, determination of Vitamin B2 (riboflavin) in foods for infants and young children, determination of biotin in foods for infants and young children, determination of Vitamin K1 in foods for infants and young children, determination of pantothenic acids in foods for infants and young children, determination of total polyphenols in green and black tea, determination of catechins in green tea using high-performance liquid chromatography, determination of caffeine content in tea and instant tea in solid form.

Other test methods include determination of thickness and apparent bulk thickness, determination of length (span length) and uniformity index in textiles, determination of micronaire value in cotton fibre and evaluation of maturity for cotton fibre by microscopic method.

This brought the total number of national standards finalized during the year 2013/2014 to 196 in various sectors as indicated in Table 1.

Table 1 – Standards finalized per sector in 2013/2014

S/N	Sector/Subsector	Number of Standards
1	Agriculture and Food	64
2	Chemical &Chemical Products	49
3	Textiles	27
4	Environment	7
5	Mechanical engineering	21
6	Electrical engineering	26
7	Building & construction	1
8	General techniques	1
	Total	**196**

2.2.2 Meetings

A total of 73 meetings were convened by the Standards Development Directorate during the period under review. These included 20 Divisional Committee meetings, 34 Technical Committee meetings and 19 Working Group meetings. The standardization projects deliberated upon by the various meetings included the following areas/ products:

a) Food and Agriculture

i) Codex standard for follow up formula
ii) Cereal based food for infants and young children
iii) Codex general principles for the addition of essential nutrients to foods – Codex guidelines on nutrition labelling
iv) Fertilizer – Calcium ammonium nitrate (CAN)
v) Triple superphosphate
vi) Tea Technical Committee
vii) Fats and Oils Technical Committee

b) Chemicals

i) Automatic Transmission Fluids (ATF) based on road vehicles
ii) Skin powder
iii) Deodorants and antiperspirants

c) Textile

i) Leather – Bovine wet-blue
ii) Leather – Wet-blue goat skins
iii) Leather – Wet-blue sheep skins

d) Environment

i) Acoustic – General tolerance limits for environmental and occupational noise
ii) Electroacoustic – Sound level meters specifications
iii) Acoustics – Description, measurement and assessment of environmental noise – Basic quantities and assessment procedure
iv) Acoustics – Description, measurement and assessment of environmental noise – Determination of environmental noise levels
v) Tolerance limits for noxious gases/fumes
vi) Determination of ammonia in workplace atmosphere
vii) Determination of bromine in workplace atmosphere
viii) Determination of carbon dioxide in workplace atmosphere
ix) Determination of carbon monoxide in workplace atmosphere
x) Determination of chlorine in workplace atmosphere

e) Mechanical Engineering

i) Automotive components
ii) Recovery vehicles
iii) Fuel tank assembly for automotive vehicles – Safety requirements
iv) Seat belt assemblies for motor vehicles
v) Re-treaded car and commercial vehicle tires
vi) Anchorages for automobile seat belts

f) Electrical Engineering

i) Installation and maintenance of electric supply stations and equipment
ii) Installation and maintenance of overhead electric supply and communication lines
iii) Installation and maintenance of underground electric supply and communication lines.
iv) Operation of electric supply lines, communication lines and equipment

g) General Techniques

i) Packaging
ii) Documentation
iii) Application of statistical methods and quality assurance

h) Building and Construction

i) Code of practice for design and construction of foundations in soils
ii) Pad and strip foundations
iii) Conformity criteria for common cement
iv) Conformity evaluation for common cement

Zanzibar Deputy Minister for Trade, Industry and Marketing, Ms Thuwaiba Kisasi receiving ZBS/TBS Memorandum of Understanding from the Deputy Permanent Secretary of her ministry, Mr. Rashid Salim, who is also member of TBS Board of Directors, after launching of a special committee for collaboration.

During the year 2013/2014, the Bureau initiated a total of 96 new standardization projects compared to 115 initiated during the previous year. New standardization projects initiated during the year included alcoholic and non-alcoholic beverages, fruits and vegetables, turbidity test in milk, creaming index determination, vitamin and mineral food supplements requirements, lipid food supplements requirements, processed fruits and vegetables – mandarine juice, palm olein-edible palm oil, edible sunflower oil, edible groundnut oil, edible sesame oil, beehives, code of practice for processing and handling of dried fish and fishery products, fish sausage, stingless bee honey, dried glucose syrup, confectionary sunflower seeds, specification for thermoplastic dustbins and lids, design construction and management for drain and sewer, specification for basins, PV military suiting material, military combat material, tarpaulins made from high density polyethylene woven fabric, cotton curtain cloth, bleached, dyed, striped or checked, cheddar, gouda, mozarella and feta cheese and toothpaste.

Other projects initiated were for sweater, socks, A-Twill jute bags, salted fish and dried salted fish of the gadidae family, sardine and sardine type product, quick frozen shrimps or prawns, beef/veal cuts and grading, raw or cooked red meat sausages, chicken meat, fresh and frozen beef and lamb, woven fabric, floor covering-tufted carded fibre-carpets, road tank vehicles for transportation of dangerous petroleum products, steel wire products for fencing, protective helmets for bicycle riders and steel wire products for fencing.

Test method projects include determination of iron content -1, 10-phenanthroline photometric method, determination of titratable acidity, determination of mineral impurities, determination of pH, sanitary towels, permissible exposure limits for cotton dust in different work areas in textile industry, horizontal method for the enumeration of microorganisms – colony-count technique at 30˚c, horizontal method for the detection of salmonella, horizontal method for the enumeration of coagulase-positive staphylococci (staphylococcus aureus and other species) – technique using rabbit plasma fibrinogen agar medium, horizontal method for the enumeration of coagulase-positive staphylococci (staphylococcus aureus and other species): technique using Baird-Parker agar medium, microbiological examination for vibrio parahaemolyticus in foodstuffs, horizontal method for the detection and enumeration of presumptive escherichia coli – most probable number technique, method of examination for vibro cholerae in food stuffs, general guidance for the enumeration of coliforms – most probable number technique, determination of length (span length) and uniformity index in cotton fibre, determination of micronaire value, evaluation of maturity – microscopic method and methods of test for thermosetting synthetic resin bonded.

Codes of practice projects were for prevention and reduction of aflatoxin contamination in peanuts (groundnuts), mustard seeds, prevention and reduction of aflatoxin contamination in tree nuts and code of hygiene for fresh meat in retail and for processed meat products.

2.2.3 Regional and international standards work

During the year under review, TBS participated in various regional and international standardization activities. These included ARSO standardization training which was organized by the African Organisation for Standardization (ARSO) in Nairobi from 24th to 28th September, 2013, the African Electrotechnical Standardization Commission (AFSEC) General Meeting in Nairobi, Kenya from 26th – 30th August 2013 and the International Organization for Standardization (ISO) General Assembly in St. Petersburg, Russia from 16 – 22 September, 2013.

Also the Bureau participated in the 1st EAC-Codex Forum held in Arusha from 22nd – 24th July, 2013, the 17th EASC Meeting held from 25th - 26th July, 2013 in Arusha and the meeting for planning for improvement of safety and quality of black tea along supply chain under EDF 10 TASP II project (Phase II) held in Dar es Salaam.

Tanzania participated in the meeting to launch the ISO project on Strengthening National Standardization Infrastructure to Support Business and Industry sponsored by Finland from 7th to 8th November, 2013 in Kampala Uganda. Tanzania also participated in the closing meeting of East Africa Social Responsibility project, implemented in three East Africa countries namely Tanzania, Kenya and Uganda on 6th November, 2013 in Kampala, Uganda. Regarding Tanzania, five pilot organizations Vodacom, TCAA, TRA, TBC and UDSM were at the implementation phase of ISO 26000 on social responsibility. Tanzania attended the 77th International Electrotechnical Commission (IEC) General Assembly Meeting in New Delhi, India from 21st – 25th October 2013, at the invitation of the Bureau of Indian Standards, the IEC member body for India.

TBS participated in the 49th ARSO Council Meeting hosted by Kenya Bureau of Standards (KEBS). According to the ARSO constitution the Council administers the activities of the ARSO to facilitate the achievements of the objectives for which ARSO was established.

TBS attended an ISO/BSI Road Traffic Safety Training in Nairobi, Kenya from 17th – 22nd November 2013. TBS participated in the study visit programme organized by BSI from 27th – 29th November 2013. The aim was to encourage NSBs from developing countries within the Commonwealth and beyond to share experiences and to support closer working relations from BSI and counterpart organizations overseas.

Tanzania attended an International Honey and Beehives Exhibition, Apimondia 2013, in Kiev, Ukraine from 28th September to 4th October, 2013. This was also an opportunity of data collection in standards development of beehives and honey.

TBS further participated in the 35th Session of the Codex Committee on Nutrition and Foods for Special Dietary Uses held in Bad Soden Am Taunus, Germany from 4th – 8th November 2013, the SADC Codex Workshop in Maputo, Mozambique from 27th – 29th November 2013 and the Regional Stakeholder Engagement Workshop based on ISO Guide held from 23rd – 24th October 2013 in Kampala, Uganda.

TBS further participated in the 4th EAC-TMB meeting from 12th to 14th January 2014 held in Zanzibar. EAC-TMB is the Technical Management Board in the East African Standards Committee (EASC) for Chief Executive Officers. TBS also participated in the ISO/TC 223 Plenary Meeting and ISO/TC 223/WG 3 on Emergency Management from 11th to 17th January, 2014 held in Cape Town, South Africa.

TBS participated in the Plenary Meeting of ISO/TC 71 Concrete, Reinforced Concrete and Pre-stressed Concrete and the experts Working Group in ISO/TC 71/SC3 Concrete Production and Execution of Concrete Structures in Sydney, Australia between 28th and 31st January, 2014.

TBS participated in needs assessment under the ISO project on Strengthening National Standardization Infrastructure to Support Business and Industry which is sponsored by Finland. The assessment aims at drawing a list of priority actions that can be addressed through the delivery of ISO technical assistance. The needs assessment was conducted by the ISO consultant Mr. Graham Holloway, between 3rd and 7th March, 2014.

TBS participated in the 29th SADC SQAM Annual Meetings between 17th and 21st March 2014 held in Gaborone, Botswana. SADC SQAM means Standardization, Quality Assurance, Accreditation and Metrology that is the four pillars of quality in the SADC region. From 28th April to 2nd May 2014, TBS participated in EASC /TC/ 012 harmonization meeting for seed under the support of IFC/ World Bank which took place in Kigali, while from 10th to 12th June TBS presented papers on technical requirements including standards, technical regulations and sanitary and phytosanitary measures (mandatory/ voluntary requirements in particular honey, mango and spice) and how to demonstrate compliance (testing, inspection, certification, accreditation and metrology) during the training of trainers (ToT) workshop on supply chain management and quality that was organized by International Trade Centre (ITC) in collaboration with SIDO. The training was held in Bagamoyo.

From 22nd to 25th June, TBS participated in EAC Regional meeting under EASC/TC 070 Paints and Varnishes and related products Technical Committee, held in Uganda, in which Burundi provided secretariat.

TBS Acting Director General, Mr. Joseph Masikitiko (left) presents a licence to a client to use the 'tbs' Standards Mark on products conforming to quality requirements, during a licence presentation ceremony at TBS headquarters.

2.3 Standards Implementation

2.3.1 Certification

During the year 2013/2014 a total of 268 pre-licence and 725 surveillance inspections were conducted. Also the Bureau collected a total of 190 open market samples during the year. Furthermore, TBS granted 197 standards mark licences/tested product certificates/licence extensions compared with 169 standards mark licences/tested product certificates/licence extensions in 2012/2013.

2.3.2 Technical assistance to exporters

During the year under review, the Bureau continued to provide services to Tanzania exporters. Twenty seven (27) pre-export certificates were issued to exporters of green coffee beans, diesel engine oil, automotive transmission fluid, four stroke motor oil, and white maize to Kenya. The performance was 68% compared to annual target of 40 certificates.

2.3.3 Imports

During the period of 2013/2014, a total of 887 batch and 26,610 PVoC inspections were conducted, 575 batch certificates/released letters for regular importers, and 26,610 Certificates of Conformance (CoC) under PVoC programme were granted compared to 21,543 PVoC inspections during the year 2012/2013.

Also 40,637 vehicle inspections were conducted during 2013/2014 compared to 30,607 vehicle inspections during 2012/2013.

2.3.4 Quality control training

During the year 2013/2014 the number of training seminars in quality assurance/management amounted to 22 against the projected figure of 20 equivalent to 110%.

FISCAL YEAR	SEMINARS CONDUCTED	INDUSTRIAL PERSONNEL TRAINED	PARTICIPANTS TRAINED		
			TOP	MIDDLE	SHOP FLOOR
1997/1998	11	81	-	81	-
1998/1999	8	169	-	169	-
1999/2000	11	214	-	214	-
2000/2001	4	158	-	158	-
2001/2002	2	81	-	81	-
2002/2003	4	30	-	30	-
2003/2004	2	29	-	29	
2004/2005	10	159	-	159	-
2005/2006	9	117	-	117	-
2006/2007	9	132	-	132	-
2007/2008	9	128	-	128	
2008/2009	10	319	-	319	-
2009/2010	16	451	-	451	-
2010/2011	26	776	-	776	-
2011/2012	22	1,131	-	1,131	-
2012/2013	14	533	-	533	-
2013/2014	22	329	-	329	-

2.4 TESTING AND CALIBRATION

The Testing and Calibration Directorate continued to provide testing and calibration services to Tanzania industrialists.

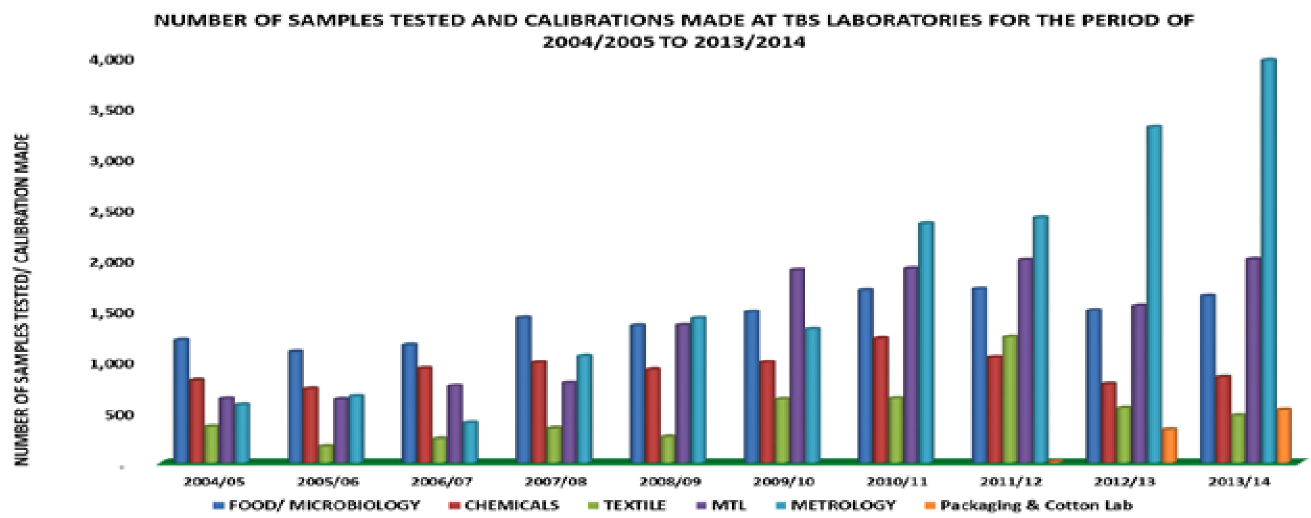
During the year 2013/2014, the directorate received 5,478 samples for testing and 3,963 calibration requests, bringing a total of 9,441 samples tested/equipment calibrated in the year 2013/2014. The figure was higher than that of the previous year 2012/2013 whereby 7,997 samples/ equipment were tested/calibrated.

The increase in samples received during the year was mainly due to marketing of services especially for accredited laboratories which include Metrology, Food Microbiology, Chemistry and Condom laboratories.

2.5 INFORMATION CENTRE

During the period under review a total of 168 finalized Tanzania Standards were edited and processed. Typesetting, editing and pre-press processes for other TBS jobs continued as usual before subcontracting, including the Announcer January-June 2013, Announcer July-December 2013, PVoC partners worldwide contacts booklet and Annual Report & Accounts for the year 2012/2013.

During the year 2013/2014, TBS library received several documents for reference purposes by the staff and public. The documents were 276 titles of ISO standards from various standards bodies and 134 copies of periodicals.



2.6 FINANCIAL PERFORMANCE

2.6.1 Long Term Liability

As at 30th June 2014 TBS had no long-term liability.

2.6.2 Financial results in 2013/2014

2.6.2.1 Balance sheet

During the financial year 2013/14, TBS net current assets increased by 5.8 percent from TZS 8,705.6 million in 2012/2013 to TZS 9,210 million in 2013/2014. The increase in working capital was mainly attributed to the increase in batch certification of petroleum products. Likewise during the year under review TBS net worth increased by 13.8 percent from TZS 34,867.50 million recorded in 2012/2013 to TZS 39,684.1 million as at 30th June 2014

Table 3 – Summary of assets and liabilities (TZS mil.) as at 30th June 2014

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	NET CURRENT ASSETS	NET WORTH
1998/1999	174.4	176.0	(1.6)	329.3
1999/2000	133.5	87.0	46.5	656.3
2000/2001	414.0	76.7	337.3	916.4
2001/2002	521.7	67.9	453.7	1,089.7
2002/2003	542.4	72.4	470.0	1,095.1
2003/2004	734.6	114.1	620.5	1,473.3
2004/2005	1,136.5	16.7	1,119.4	2,150.8
2005/2006	1,389.5	39.4	1,350.1	2,687.7
2006/2007	1,982.5	171.6	1,810.9	3,189.2
2007/2008	2,292.5	267.7	2,024.9	7,997.8
2008/2009	3,482.6	670.1	2,812.5	8,813.5
2009/2010	3,676.8	429.5	3,247.3	9,431.0
2010/2011	6,906.6	219.2	6,687.3	12,401.9
2011/2012	8,814.9	735.6	8,079.3	33,348.4
2012/2013	9,218.5	512.9	8,705.6	34,867.5
2013/2014	10,068.6	858.6	9,210	39,684. 1

Head of Food Laboratory, Ms Stella Mrosso apprises the Deputy Minister for Industry and Trade, Hon. Janeth Mbene on the testing activities performed by her laboratory, during Hon. Mbene's visit at TBS.

2.6.2.2 Surplus/deficit

During the financial year ended 30th June 2014, TBS recorded an accumulated surplus of TZS 11,739.70 million compared to the accumulated surplus of TZS 10,766.3 million recorded during the year 2012/2013. The increase in accumulated surplus was mainly due to the increase in batch certification of petroleum products.

2.6.3 Income

The major sources of TBS income during the year under review continued to be Government subvention and internally generated income.

2.6.3.1 Government subvention

Government subvention increased by 63.3 percent from TZS 2,699.1 million in 2012/2013 to TZS 4,407.6 million in 2013/2014. The increase in government subvention was mainly due to the recruitment of several new staff. Government subvention accounted for 24 percent of TBS total income, and was used for personal emoluments.

2.6.3.2 Internally generated funds

During the year under review TBS internally generated income increased sharply by 13 percent, from TZS 12,330.4 million in 2012/2013 to TZS 13,874.6 million in 2013/2014, accounting for 76 percent of total income. The increase in income was mainly due to the implementation of the batch certification for petroleum products.

2.6.4 Operating costs

The operating costs increased from TZS 13,510.4 million in 2012/2013 to TZS 17,308.7 million in 2013/2014. The increase in expenditure was mainly due to increase in payments of incentive packages, staff training expenses, international traveling related to accreditation, increase in operational expenses on technical committee meetings, marketing and advertisements. An operating surplus of TZS 973.4 million was recorded in 2013/2014 compared to TZS 1,550.9 million recorded in 2012/2013. The decrease in operating surplus was mainly attributed to the increase in operating expenses.

2.6.5 Prospects

TBS has continued with efforts to diversify its resource base with a view to sustaining the upward trend of internally generated income. These efforts have resulted in the increased net worth and working capital. In future TBS will strive to sustain newly commenced income earning activities related to standards work including continued implementation of Pre-shipment Verification of Conformity to standards (PVoC) programme to control substandard imports. Also it will strive to sustain and widen the scope of accreditation.

2.7 Human Resources Development and Staff Welfare

During the year 2013/2014, TBS recruited nineteen (19) officers to join its Corporate Services and Quality Management Directorates.

During the year under review, a total of 172 employees attended short-term courses while 19 employees attended various long-term courses sponsored by TBS and other donors. The main areas of training were standardization and quality assurance, metrology, secretarial skills, laboratory accreditation, uncertainty of measurements, environment, ISO/IEC 17025 Laboratory Systems, Induction for Public Servants, Public Procurement Act 2004, ISO 9001 Quality Management Systems, and Leadership Development.

Regarding long term training, on-going courses included post graduate programmes at Master's degree level in Food Science, Chemistry, Human Resource Management and Engineering Management. Other programmes included Diplomas in Textile and Fashion Design.

It is envisaged that in coming years, emphasis will be put on human resource development related to standardization, quality and environmental management systems, accreditation and packaging. Further training and professional exposure will be done through implementation of the five-year training programme.
With regard to staff welfare, the Bureau continued to offer fully subsidized balanced meals to all workers and payment for medical refunds made through cash refunds after proper verification of medical receipts. Furthermore TBS adopted welfare measures to its staff such as the Group Personal Accident/Workman's Compensation Insurance Scheme. Also the Bureau continued to provide accommodation to its Senior Personnel through its Kijitonyama Estate that accommodates 30 families, while rented accommodation is available to some staff members.

Head of Building and Construction Laboratory Mr. Stephen Minja apprises members of TBS Board of Directors on testing facilities available in his laboratory.

3 PLANNED ACTIVITIES

Tanzania Bureau of Standards (TBS) will continue to formulate policies and strategies in order to enhance the efficiency of its operations and upgrade its capability in rendering standardization, quality management and systems services including accreditation, as well as widening its resource base and increasing its ability for self-sustainability.

TBS will therefore continue with efforts to modernize its laboratories through accreditation, purchase of state-of-the-art equipment, improving the testing conditions, and providing appropriate training to its staff.

TBS intends to widen the scope of accreditation to include testing of fuel on the fields of density, viscosity, flash point and distillation for the Chemistry laboratory; testing of freedom from holes on male latex condoms for the Textile/ Leather laboratory; and calibrations done through the mobile calibration unit in the areas of pressure, electrical AC and DC and timers for the Metrology laboratory. The laboratory accreditation process at TBS is currently at various stages of implementation.

At the corporate level, TBS will continue to maintain its ISO 9001:2008 Quality Management System status. At the time of reporting, SGS Auditors had conducted the third Surveillance Audit and concluded that the TBS Quality Management System is in line with the standard and the Bureau is achieving its quality objectives.

Future plans will also include opening of more upcountry offices at border areas, establishment of three zonal offices, modernization of standardization infrastructure and testing of samples.

At the time of reporting, plans were underway to open zonal offices in Mbeya, Arusha and Mwanza and border and entry offices at Tunduma, Kasumulo, KIA and Mwanza Port. In addition, TBS activities will be geared at supporting Small and Medium Enterprises (SMEs) through the National Strategy for Growth and Reduction of Poverty (NSGRPII) as well as Trade and Agriculture Support Programme (TASPII) including training in quality control, training in packaging, testing the quality of products manufactured by SMEs, and testing of packages and packing materials for use by SMEs for the purpose of export promotion, import competing and proper storage to reduce product losses.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Prof. Cuthbert F. Mhilu,
The Board Chairperson,
Tanzania Bureau of Standards,
P. O. Box 9524,
Dar es Salaam.

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 2014

Introduction

I have audited the accompanying Financial Statements of Tanzania Bureau of Standards which comprises the Statement of Financial Position as at 30th June, 2014, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Notes set out on pages 19 to 33 of this report.

Directors' Responsibility for the financial statements

The Board of Directors of Tanzania Bureau of Standards is 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.

Responsibility of the Controller and Auditor General

My responsibility as an auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA), and such other audit procedures I considered necessary in the circumstances. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bureau's preparation and fair presentation of the financial statements 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 Bureau's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been dully observed and expenditures of public monies have been properly authorized.

Further, Sect. 48(3) of Public Procurement Act No. 7 of 2011 and the Public Procurement (Goods, Works, Non-consultant services and Disposal of Public Assets by Tender) Regulations of 2013 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Unqualified Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Bureau of Standards as at 30th June, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Tanzania Bureau of Standards Act No. 1 of 1977.

Compliance with Laws and Regulations

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that Tanzania Bureau of Standards procurement processes have generally complied with the Public Procurement Act, 2011 and its related Regulations of 2013.

Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam, Tanzania.

25th February, 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2014

	Notes	2014 TZS'000	2013 TZS'000
Revenue	5	17,433,491	14,289,703
Other income	6	848,669	739,767
		18,282,160	15,029,470
Expenditure			
Direct costs	7	2,471,200	1,875,954
Administrative expenses	8	4,266,545	3,922,913
Personnel expenses	9	9,029,720	6,631,443
Depreciation of property, plant and equipment	11	1,515,994	1,021,723
Impairment of property, plant and equipment	11	2,724	
Amortisation of intangible assets	12	22,544	14,733
		17,308,727	13,466,766
Surplus for the year		973,433	1,562,704
Income tax expense	10	-	-
Surplus for the year		973,433	1,562,704
Other comprehensive income		-	-
Total comprehensive income for the year		**973,433**	**1,562,704**

The Financial Statements on page 16 to 34 were approved by the Board of Directors and authorized for issue on ....were signed on its behalf by:

....	....
Prof. Cuthbert F. Mhilu	Joseph B. Masikitiko
CHAIRMAN	Ag: Director General
Date:................................	Date:...............................

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2014

	Notes	2014 TZS'000	2013 TZS'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	11,671,349	6,674,804
Intangible assets	12	46,839	31,404
Leasehold land	13	19,453,000	19,453,000
		31,171,188	26,159,208
Current assets			
Inventory	14	115,798	21,316
Debtors and prepayments	15	2,409,019	2,804,603
Cash and bank	16	7,543,793	6,317,864
		10,068,610	9,143,783
TOTAL ASSETS		41,239,798	35,302,991
EQUITY AND LIABILITIES			
Equity			
Government subventions		31,796	31,796
Revaluation Reserve		28,775,125	24,101,207
Retained Earnings		10,877,194	9,903,761
		39,684,115	34,036,764
Non-current liabilities			
Gratuity provisions	17	697,088	753,292
Current liabilities			
Creditors and accruals	18	858,595	512,935
Total liabilities		1,555,683	1,266,227
TOTAL EQUITY AND LIABILITIES		41,239,798	35,302,991

The Financial Statements on page 16 to 34 were approved by the Board of Directors and authorized for issue on ……………………………were signed on its behalf by:

…………………………………… Prof. Cuthbert F. Mhilu
CHAIRMAN

…………………………………… Joseph B. Masikitiko
Ag: Director General

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE, 2014

	Notes	2014 TZS'000	2013 TZS'000
Cash flows from operating activities			
Surplus for the year		973,433	1,562,704
Adjustment for:			
Depreciation	11	1,515,994	1,021,723
Impairment of property and equipment	11	2,724	-
Amortization of intangible assets	12	22,544	14,733
		2,514,696	2,599,160
Changes in working capital items			
(Increase)/decrease in Inventories		(94,482)	65,511
Decrease in debtors and prepayments		395,584	1,077,456
Increase in trade and other payables		345,661	(241,342)
Decrease in gratuity provisions		(56,205)	-
Net cash flows generated from operating activities		3,105,254	3,500,785
Cash flows from Investing Activities			
Purchase of property and equipment	11	(1,841,345)	(1,902,659)
Purchase of intangible assets	12	(37,979)	(26,694)
Net cash used in investing activities		(1,879,324)	(1,929,353)
Increase in cash and cash equivalents		1,225,930	1,571,432
Cash and cash equivalents at the beginning of the year		6,317,863	4,746,431
Cash and cash equivalents at the end of the year		7,543,793	6,317,863

The Financial Statements on page 16 to 34 were approved by the Board of Directors and authorized for issue on ....were signed on its behalf by:

....
Prof. Cuthbert F. Mhilu
CHAIRMAN

Date:..................................

....
Joseph B. Masikitiko
Ag: Director General

Date:..................................

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2014

	Government subventions TZS'000	Revaluation Reserve TZS'000	Retained earnings TZS'000	Total TZS'000
Year ended 30th June, 2014				
At 1st July, 2013				
As previously reported	31,796	24,101,207	10,657,053	34,790,056
Prior year adjustment	-	-	(753,292)	(753,292)
Restated	31,796	24,101,207	9,903,761	34,036,764
Revaluation surplus	-	4,673,918	-	4,673,918
Surplus for the year	-	-	973,433	973,433
At 30th June, 2014	31,796	28,775,125	10,877,194	39,684,114
Year ended 30th June, 2013				
At 1st July, 2012	31,796	24,101,207	9,215,387	33,348,390
Prior year adjustment	-	-	(842,535)	(842,535)
Restated	31,796	24,101,207	8,372,852	32,505,855
Amortisation	(31,796)	-	-	(31,796)
Adjustments during the year	31,796	-	(31,796)	-
Surplus for the year	-	-	1,562,704	1,562,704
At 30th June, 2013	31,796	24,101,207	9,903,761	34,036,764

The Financial Statements on page 16 to 34 were approved by the Board of Directors and authorized for issue on ....were signed on its behalf by:

....
Prof. Cuthbert F. Mhilu
CHAIRMAN

Date:.................................

....
Joseph B. Masikitiko
Ag: Director General

Date:..............................

. GENERAL INFORMATION

Tanzania Bureau of Standards ('the Bureau') was established under the Standards Act No. 3 of 1975 under the name of National Standards Institute and started its operations on 16th April, 1976. Subsequently the name was changed to Tanzania Bureau of Standards under Act No. 1 of 1977.

The main functions of the Bureau include among others the following:

Formulation and promulgation of Tanzania standards in all sectors of the country's economy. Priorities have been established for national standards in the fields of textiles, leather, agriculture and food, chemicals, engineering and the environment.

To implement the promulgated standards through third party certification schemes.

To improve the quality of industrial products both for export and local consumption through various certification schemes like pre-export/import inspection and testing, the tested products certification scheme and quality system registration.

To promote standardization and quality assurance services in industry and commerce through training of personnel in company standardization, quality assurance, quality improvement and laboratory techniques.

To undertake the testing of product samples drawn by TBS inspectors in the course of implementing standards (certification samples) or as requested by manufacturers (type-testing samples).

To undertake calibration of industrial and commercial measuring equipment and instruments in the areas of mass, length, volume, energy, temperature etc.

The Bureau has its offices located at Ubungo along Morogoro/ Sam Nujoma Road in Dar es Salaam with a postal address 9524, Dar es Salaam

. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

Tanzania Bureau of Standards has adopted the International Financial Reporting Standards (IFRS) as issued and pronounced by the International Federation of Accountancy (IFAC). These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of property, machinery and equipment. No adjustments have been made for other inflationary factors affecting the accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Accounting

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bureau's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

2.2 Revenue Recognition

Revenue comprises of fair values of subvention and assistances received from the government and other donors, fees charged on services rendered to customers (which include batch certification, testing, product certification and quality control, consultancy etc) as well as rent and interest net of value added tax and discounts. Revenue is recognized as follows:-

(a) Subvention and Assistances

Subvention and assistances received from the government and other donors are recognized when received by the Bureau.

(b) Fees on Services Rendered

Fees on services rendered to the customers are recognized in the accounting period in which the services are rendered, by reference to the completion of specific transaction, assessed on the basis of actual service provided.

(c) Interest Income

Interest income is mainly from banks especially on the fixed deposits and is recognized on a time-proportion basis net of withholding tax.

(d) Rent Income

Rent income is mainly from rented properties to third parties such as office accommodation and residential properties. Rent is recognized on time proportion basis when earned and accounted in the respective accounting period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, Plant and Equipment

Property, Plant and Equipment are initially recorded at historical cost which includes expenditure that is directly attributable to the acquisition of the items. Subsequently, Property, Plant and Equipment were revalued and are shown at revalued amounts, less subsequent depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only when it is probable that the future economic benefits associated with the item will flow to the Bureau and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the income and expenditure statement.

Increases in the carrying amount arising on revaluation of property, Plant and equipment are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to the income statement.

(a) Depreciation

Land is not depreciated. Depreciation on property, plant and equipment is calculated on the following basis:

Depreciation is calculated to write off the cost/valuation of property, Plant and equipment over their expected useful lives on a straight line basis.

The annual rates, which are consistent with those applied in the previous years, are as under:-

Category of Plant, Plant and Equipment	Rate % (p.a.)
Land Development	-
Buildings	4
Motor Vehicles	25
Office and Residential Equipment	15
Office and Residential Furniture	15
Computers	33
Software	33
Electrical Generators	10
Loose tools	50

Depreciation is charged on assets from the date when they are ready for use, and stop on the date when the asset is derecognized by the Bureau.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Major renovations

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

(c) Asset's Carrying Amount and Residual Value

An asset's carrying amount is written down immediately to its recoverable amount when there is strong evidence that carrying amount is greater than its estimated recoverable amount.

Likewise, the assets' residual values and useful lives are reviewed only when conditions to warrant a review exist at the balance sheet date.

(d) Gains and Losses on Disposal

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognized through income and expenditure statement.

2.4 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on first in first out method (FIFO). Provision for impairment is made on the basis of actual costs of stocks found obsolete or damaged.

Impairment of Inventories

When there is objective evidence that the value of inventories is impaired either through damage and/or obsolescence, provision is made to that effect through income and expenditure statement.

2.5 Deposits, Prepayments and Receivables

Deposits, prepayments and receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for impairment.

Provision for Impairment

Provision for impairment of receivables is established when there is objective evidence that the Bureau will not be able to collect all amounts due according to the original terms of specific receivables. The loss is recognized through income and expenditure statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign Currency Translations

(a) Functional and Presentation

Items included in the financial statements of the Bureau are measured using Tanzanian Shilling (TZS), which is the currency of the primary economic environment in which the Bureau operates.

(b) Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities at the year-end expressed in foreign currencies are translated into functional currency using the exchange rates prevailing at the end of the financial year. Translation losses/(gains) on loans used to finance capital construction projects are capitalized as part of construction work in progress. All other exchange rates gains and losses are reflected in the Income and Expenditure Statement.

2.7 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits.

2.8 Capital Fund

Capital Fund is made up of donor and government contributed assets to the Bureau. The value of properties which appreciate over time such as land and buildings is not amortized whereas the value of other Plant and equipment contributed to the Bureau and recorded in the capital fund is amortized through income and expenditure statement at the applicable depreciation rates.

2.9 Amortization of Grants

It is the Bureau's policy to amortize capital grant based on the respective property, Plant and equipment depreciation rate over the expected useful lives of the assets.

2.10 Trade and other Payables

Payables are recognized at fair value. Other payables are recognized when incurred through either enjoyment of services on credit and/or receiving of goods supplied on credit.

3 FINANCIAL RISK MANAGEMENT

The overall risk management focuses on the unpredictable financial markets and it is aimed at minimizing potential adverse effects on the Bureau's financial performance. The role of the Bureau's risk management is primarily vested in the Finance Department under guidance of the Board of Directors. The financial risks of the Bureau are as follows:-

(a) Liquidity Risk

The Bureau has a prudent liquidity risk management through maintaining sufficient cash and fixed deposits to cover committed credit facilities and working capital requirements.

(b) Credit Risk Management

The potential credit risk involves short term cash and receivables which are managed as short term cash surpluses. The Bureau deposits her short term cash surpluses with banks of high credit standing.

(c) Credit Risk Management

Foreign Currency Risk
Foreign currency risk is managed at an operational level and it is monitored by Finance& Administration Department. Losses arising from foreign currency denominated liabilities are managed through timely payment of the outstanding liabilities.

2.11 Employee Benefits

Define Contribution Scheme
Apart from the monthly salaries, responsibility allowances, and other fringe benefits as provided for in the staff regulations; the Bureau has defined contribution plans to cater for pension obligations for her employees by paying on monthly basis agreed contributions to the Pension Funds.

Gratuity Scheme
TBS employees who are contract terms are entitled to gratuity at the rate specified in their contract and this is paid on satisfactory completion of the contract or leaving the service under circumstances in which gratuity is payable in accordance with the terms of the contract. Employees on permanent terms who qualify for gratuity payment receive 25% on the basic salaries for the total of complete years served in the Bureau. Average basic salary in the last four years is used in calculating the gratuity. Employees who are terminated on disciplinary grounds are not entitled to gratuity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Property and equipment
Critical estimates are made by the Directors in determining depreciation rates for property and equipment. The rates used are set out in note 2.3 (a) above.

(ii) Critical judgments in applying the entity's accounting policies

In the process of applying the Bureau's accounting policies, Management has made judgments in determining whether assets are impaired or not.

5 REVENUE

	2014 TZS'000	2013 TZS'000
Certification fees	11,980,724	10,352,834
Government subventions	4,407,595	2,699,107
Testing fees	1,045,171	1,237,762
	17,433,491	14,289,703

6 OTHER INCOME

Foreign exchange gain	144,157	-
Interest Income	441,242	351,314
Bad debts recovery	3,238	76,551
Canteen services to Outsiders	31,278	23,935
Consultancy Income	5,040	59,314
Office and House Rent	79,698	137,765
Training fees received	28,096	63,669
Tender fees & other income	111,115	27,218
Profit on disposal	4,805	-
	848,669	739,767

7 DIRECT COSTS	2014	2013
	TZS'000	TZS'000
Committees and conferences	1,151,688	859,166
Chemicals	250,442	183,118
Inspection fees	820,330	500,891
Testing charges	248,739	332,779
	2,471,200	1,875,954

8 ADMINISTRATIVE EXPENSES		
Accreditation expenses	44,238	94,191
Bad debts	326,777	-
Bank charges and stamp duty	47,229	23,864
Board Meetings	161,108	241,876
Debts collection fees	72,540	34,508
Insurance	81,071	63,612
Legal and consultancy fees	175,469	268,791
Marketing and advertisements	808,923	623,137
Motor vehicles running expenses	292,038	244,306
Office expenses	575,247	593,704
Publications	26,171	35,066
Audit fees	77,560	62,483
Repair and Maintenance	343,180	412,374
Security and utilities	344,678	319,898
Subscriptions and donations	169,173	55,765
Travelling and accommodation	686,318	530,808
Loss on foreign exchange	-	73,783
Other	34,826	244,748
	4,266,545	3,922,913

9 PERSONNEL EXPENSES

	2014 TZS'000	2013 TZS'000
Responsibility allowances	2,455,685	1,892,629
Burial expenses	10,815	24,895
Directors fees	22,300	22,300
Gratuity expenses	240,246	74,253.52
Salaries and wages	4,599,962	3,240,530
Social contributions	111,223	-
Staff housing	104,612	141,831
Staff training	851,447	706,281
Staff traveling expenses	32,157	25,589
Staff uniforms	6,329	5,812
Staff welfare	519,138	439,506
Workers council	75,806	57,816
	9,029,720	6,631,443

10 TAXATION:

Tanzania Bureau of Standards is a service organization receiving subsidies from the Government of Tanzania. The subsidies income is not taxable under second schedule made up of section 10 of the Income Tax Act No.11 of 2004. The Bureau's income from operations is not adequate to meet its operating expense.

11 PROPERTY AND EQUIPMENT

	Buildings TZS'000	Motor vehicles TZS'000	Office Equipment TZS'000	Office Furniture TZS'000	Computers TZS'000	Electric Generators and Water Pumps TZS'000	Loose Tools TZS'000	Total TZS'000
Year ended 30th June, 2014								
Cost/Valuation								
At start of year	4,931,575	1,367,322	3,417,158	410,387	583,044	186,906	-	10,896,392
Additions	-	927,008	744,869	95,247	65,051	700	8,470	1,841,345
Disposals	-	(220,000)	-	-	-	-	-	(220,000)
Revaluation surplus	3,083,096	1,259,580	-	39,208	242,776	49,258	-	4,673,918
Impairment charge	-	-	(2,724)	-	-	-	-	(2,724)
At end of year	8,014,671	3,333,910	4,159,303	544,842	890,871	236,864	8,470	17,188,931
Depreciation								
At start of year	1,160,931	1,177,951	1,193,806	207,998	361,415	119,486	-	4,221,588
Charge for the year	197,263	485,382	546,746	65,745	198,217	18,748	3,893	1,515,994
Disposals	-	(220,000)	-	-	-	-	-	(220,000)
At end of year	1,358,194	1,443,333	1,740,553	273,743	559,632	138,234	3,893	5,517,582
Net Book Amount								
At 30th June, 2014	6,656,477	1,890,577	2,418,750	271,099	331,239	98,630	4,577	11,671,349
At 30th June, 2013	3,770,644	189,371	2,223,351	202,390	221,628	67,420	-	6,674,804

11 PROPERTY AND EQUIPMENT

Year ended 30th June, 2013	Buildings TZS'000	Motor vehicles TZS'000	Office Equipment TZS'000	Office Furniture TZS'000	Computers TZS'000	Electric Generators and Water Pumps TZS'000	Total TZS'000
Cost/Valuation							
At start of year	4,931,575	1,367,322	1,760,089	343,647	411,935	179,706	8,994,274
Additions	-	-	1,657,069	66,740	171,109	7,200	1,902,118
At end of year	4,931,575	1,367,322	3,417,158	410,387	583,044	186,906	10,896,392
Depreciation							
At start of year	963,668	836,121	864,395	149,363	285,223	101,095	3,199,865
Charge for the year	197,263	341,830	329,412	58,635	76,192	18,391	1,021,723
At end of year	1,160,931	1,177,951	1,193,807	207,998	361,415	119,486	4,221,588
Net Book Amount							
At 30th June, 2013	3,770,644	189,371	2,223,351	202,389	221,629	67,420	6,674,804
At 30th June, 2012	3,967,907	531,201	897,892	194,284	126,712	78,611	5,796,607

12 INTANGIBLE ASSETS	2014 TZS'000	2013 TZS'000
Year ended 30th June, 2014		
At start of year	67,431	40,737
Additions	37,979	26,694
At end of year	105,410	67,431
Depreciation		
At start of year	36,027	21,294
Charge for the year	22,544	14,733
At end of year	58,571	36,027
Net Book Amount	46,839	31,404

13 LEASEHOLD LAND	2014 TZS'000	2013 TZS'000
At 30th June, 2013 and 30th June, 2014	19,453,000	19,453,000

This represents the deemed cost of land transferred to TBS from the Government. The market value of land as at 30th June, 2014 based on revaluation which was carried out by Proper Consult was TZS 32,284 million. Directors considered appropriate to disclose the market value of land in the financial statements and include such value in the statement of financial position when the proper land boundaries are agreed with the Government.

14 INVENTORY	2014 TZS'000	2013 TZS'000
Stationery	52,181	61,604
Chemicals	48,912	2,430
Other	14,705	2,061
Provision for inventory impairment	-	(44,779)
	115,798	21,316

15 DEBTORS AND PREPAYMENTS

	2014 TZS'000	2013 TZS'000
Trade debtors	2,084,663	1,928,097
Prepayments and deposits	393,310	812,443
Interest receivable	190,547	-
Staff and other debtors	133,102	125,888
	2,801,623	2,866,429
Provision for receivables impairment	(392,604)	(61,826)
	2,409,019	2,804,603

16 CASH AND BANK BALANCES

	2014	2013
Bank balances (a)	1,230,669	1,301,344
Fixed deposits (b)	6,313,124	5,016,520
	7,543,793	6,317,864

Analysis of bank balances and deposits as at 30th June, 2014 is as shown below:

	TZS'000
a) Bank balances	
National Microfinance Bank	232,499
National Bank of Commerce	954,962
CRDB 1996 Limited	43,208
	1,230,669
b) Fixed deposits	
Twiga Bancorp Limited	828,940
Commercial Bank of Africa	1,726,304
Banc ABC Limited	1,963,152
DCB Community Bank	1,794,728
	6,313,124
Total bank balances and deposits	7,543,793

17 GRADUITY PROVISIONS

	2014 TZS	2013 TZS
At 1st July	753,292	842,535
Provision for the year	240,246	77,652
Payments during the year	(296,451)	(163,496)
Payments during the year	-	(3,399)
	697,088	753,292

18 CREDITORS AND ACCRUALS

Chemicals and Equipment Suppliers	478,921	318,679
Statutory obligations	83,466	-
Deposits	32,252	63,258
Other creditors	263,957	130,998
	858,595	512,935

19 RELATED PARTY TRANSACTIONS

During the year under review, the Bureau incurred expenditure amounting to TZS 1,060 million in respect of related parties as follows;-

	2014 TZS	2013 TZS
Salaries and Allowances	876,840	853,260
Board of Directors Meeting Expenses	161,109	241,876
Board Members Fees	22,300	22,300
	1,060,247	1,117,436

20 SOCIAL SECURITY EXPENSES

The Bureau has defined contribution plans to cater for pension obligations by paying on monthly basis agreed contributions to the Pension Funds. Such contributions are recognized as employee benefit expenses.

21 CONTINGENT LIABILITIES

As at 30th June, 2013 and 30th June 2014 Tanzania Bureau of Standards had no contingent liability.

22 CAPITAL COMMITEMENTS

As at 30th June, 2014, Tanzania Bureau of Standards had no capital commitments. However, the Bureau had contractual commitments amounting to TZS 367,700,000.

	TZS'000
Purchase of computers	97,400
Partitioning of Metrology Laboratory	13,200
Construction of underground tank	30,700
Replacement of window shutters	38,200
Restructuring of voice network	58,500
Revaluation of fixed assets	29,200
Purchase of Library reference material	8,500
purchase of furniture	92,000
	367,700

23 ULTIMATE OWNER OF THE BUREAU

The Government of United Republic of Tanzania is the ultimate owner of the Bureau.

24 COMPARATIVE FIGURES

Previous year's figures have been re-grouped whenever considered necessary in order to make them comparable with current year's figures.

NOTES

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