



TANZANIA BUREAU OF STANDARDS



Destruction of substandard products.
During the year 2014/2015, the Bureau destroyed
substandard products on various occasions.

ANNUAL REPORT & ACCOUNTS 2014/2015

Dar es Salaam, June 2015

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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BOARD OF DIRECTORS



PROF. MAKENYA A H MABOKO
Chairperson



MR. FARAJA NCHIMBI
Member



MR. KHATIBU M KHATIBU
Member



**MS MSIMU M
RAMADHANI**
Member



DR. JASSON B BAGONZA
Member



**PROF. PREKSEDIUS M
NDOMBA**
Member



DR. KHALID MASSA
Member



PROF. EGID B MUBOFU
Secretary



MR. GODFREY SIMBEYE
Member

LETTER OF TRANSMITTAL



HON. CHARLES MWIJAGE (MP)

Minister for Industry, Trade and Investment
P. O. Box 2996, Dodoma

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 2014/2015. The report contains the Audited Accounts of the Bureau for the period July 1, 2014 to June 30, 2015, together with the Director General's Report on the business and state of affairs of the Bureau. I would be gratified if you would submit this report to the National Assembly.

A handwritten signature in black ink, belonging to Prof. Makenya A H Maboko. The signature is stylized and appears to be 'M. Maboko'.

Prof. Makenya A H Maboko

CHAIRPERSON OF THE BOARD OF DIRECTORS

MANAGEMENT TEAM



PROF. EGID B MUBOFU
Director General



MS. AGNES MNENEY
Director of Testing, Calibration
and Packaging Services



MS EDNA NDUMBARO
Director of Standards
Development



ENG TUMAINI MTITU
Director of Quality
Management



MR DUNSTAN KALUGIRA
Testing and Calibration
Manager



MS. MARY MEELA
Process Technology Standards
Manager



MR. CHARLES MUNG'ONYA
Acting Finance, Planning and
Administration Manager



MS MATILDA B KASANGA
Documentation and
ICT Manager

Chairperson's Statement

PROF. MAKENYA A H MABOKO
Chairperson, TBS Board of Directors



Tanzania Bureau of Standards continued to realize growth of its activities at national, regional and international levels during the year 2014/2015. On the local scene, preparation and implementation of national and international standards continued at high pace 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 Electrotechnical Commission (IEC) and the FAO/WHO Codex Alimentarius Commission.

The number of new Tanzania standards formulated decreased from 196 to 186 during the year under review thereby bringing the cumulative total of 2,478.

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 13,026 million in 2013/2014 to TZS 13,957 million in 2014/2015 or 7.1% increase.

During the year under review, TBS accounts were submitted and audited in time in accordance with the law, and for the 21st 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, opening at least one zonal office (Mwanza or Arusha), starting preliminary works for Viwango House project, 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, UNIDO, technical support from International Trade Centre (ITC) for TBS Management Systems Certification activities to achieve Accreditation to ISO 17021, 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. Makenya A H Maboko
CHAIRPERSON, TBS BOARD OF DIRECTORS

Director General's Report

PROF. EGID B MUBOFU
Director General



1. BACKGROUND

1.1 Establishment

Tanzania Bureau of Standards 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 and Trade; and the sole National Standards Body.

1.2 Core Functions

The Bureau's mandate is to promote standardization and quality assurance in industry and commerce sectors. The major functions of TBS are as enumerated hereunder:-

- 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.
- Implementation of promulgated standards through third party certification schemes including the Standards Mark Scheme.
- 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.
- 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.

- 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).
- Undertaking calibration of industrial and commercial measuring equipment and instruments as the custodian of the national measurement standards.
- 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 as well as 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.

DIRECTOR GENERAL'S REPORT (Continued)

TBS also hosts the National Enquiry Point for Tanzania, under the WTO Agreements on Technical Barriers to Trade. 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 Organizational Structure

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 namely standards development, quality management, testing, calibration & 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 and testing services provided to manufacturers.

A cross section of Technical Committee Chairpersons during a training for TC chairs organized by TBS.

2. ACTIVITIES REPORT

2.1 Introduction

During the Financial Year 2014/2015, real growth rate of the Tanzanian economy increased to 6.9 percent from 6.8 percent during the previous year 2013/2014. 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 2014/2015. This means that Tanzania Bureau of Standards (TBS) is supposed to play an effective role in the development of Tanzania industry, consumer protection and promotion of internal, regional and international trade.

During the year under review, 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 2014/2015, the standards development directorate finalized a total of 186 standards compared to 196 standards in the previous year. Finalized standards included standards for steel for the reinforcement of concrete on plain bars, ribbed bars and welded fabric respectively, refillable welded steel cylinders for liquefied petroleum gas, instant tea in solid form, determination of water extract, total ash, alkalinity of water soluble ash and loss in mass at 103°C in coffee and coffee products. Other finalized standards were specifications for mild steel tubes and sockets screwed, corn soya blend for infant and young children, umbrella fabric, woven bags, fresh avocados, fresh

DIRECTOR GENERAL'S REPORT (Continued)

pawpaw, green tea, black tea, sugarcane juice, pickles, chill sauce, deodorants and antiperspirants, skin powder and chalk writing board.

Other standards included specifications for aluminium PVC insulated conductors for overhead power services lines, aluminium conductors, galvanized steel reinforced (ACSR) for overhead power transmission, blend of skimmed milk and vegetable fat in powdered form, fruit nectars, fruit squashes, ginger, black pepper and white pepper.

Other standards included metrological and technical requirements for water meters for cold portable water and hot water, wood poles and bolls for power and telecommunication line, 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 products standards included crepe bandages, preservation of raw hides and skins and knitted polyester/cellulosic blended fabrics.

Chemical specifications included skin powder, deodorants and antiperspirants, chalk writing board, writing chalk, 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.

Environment standards included acoustic- general tolerance limits for environmental and occupational noise, tolerance limits for noxious gases/fumes, determination of bromine in workplace atmosphere, determination of carbon monoxide in workplace atmosphere and limits for occupational exposure.

Test methods standards included standards for electric cables-spark, refillable welded steel cylinders for liquefied petroleum gas (LPG) – periodic inspection and testing, determination of titratable acidity and determination of mineral impurities. Others included determination of sulphur dioxide content, ascorbic acid content, volatile acidity, mercury content, arsenic content and test method for determination of ash insoluble in hydrochloric acid in vanilla.

This brought the total number of national standards

finalized during the year 2014/2015 to 186 in various sectors as indicated in the Table 1.

Table 1 – Standards finalized per sector in 2014/2015

S/N	Sector/Subsector	Number of Standards
1	Agriculture and food	110
2	Chemical and chemical products	35
3	Textiles	12
4	Environment	7
5	Mechanical engineering	3
6	Electrical engineering	8
7	Building & construction	4
8	General techniques	7
TOTAL		186

2.2.2 Meetings

A total of 93 meetings were convened by the Standards Development Directorate during the period under review. These included 19 Divisional Committee meetings, 62 Technical Committee meetings and 12 Working Group meetings. The standardization projects deliberated upon by the various meetings included the following areas/products:

a) Food and Agriculture

- i) Stingless bee honey
- ii) Code of practice for the prevention and reduction of aflatoxin contamination in peanuts (groundnuts)
- iii) Traceability of molluscan products
- iv) Microbiology of food and animal feed
- v) Cream cheese
- vi) Vegetable fats and oils
- vii) Meat grades and meat cuts
- viii) Tobacco and tobacco products

b) Chemicals

- i) Chemically pure (CP) glycerine
- ii) Crude and refined glycerine
- iii) Paints and varnishes – drying tests
- iv) Writing chalks
- v) Chalk writing board

c) Textile

- i) Leather – bovine wet-blue
- ii) Leather – wet-blue goat skins
- iii) Leather – wet-blue sheep skins
- iv) Leather – ladies handbags
- v) Leather – protective leather gloves

DIRECTOR GENERAL'S REPORT (Continued)

- vi) Textiles – woven, knitted, or flocked bedspread fabrics
- vii) Textiles – woven and knitted sheeting products
- viii) Textile – floor covering – tufted carpets
- ix) Textiles – jute bags for packing maize grain

d) Environment

- i) Acoustic – general tolerance limits for environmental and occupational noise
- ii) Protection against non-ionizing radiation – limits to human exposure to electric, magnetic and electromagnetic fields up to 300GHz
- iii) Protection against ionizing radiation – limits for occupational exposure
- iv) Protection against thermal stress – exposure limits for hot environment
- v) Unsealed radioactive substances – Identification and documentation

e) Mechanical Engineering

- i) Retro-reflective marking for commercial vehicles and their trailers
- ii) Road tank vehicles for the transportation of dangerous petroleum products
- iii) Pipes and fittings for plastic piping systems for water supply and for buried and above-ground drainage and sewerage under pressure

f) Electrical Engineering

- i) All aluminum stranded conductors for overhead power transmission
- ii) Polyvinyl chloride insulated cables of rated voltages up to 450/750 V
- iii) Metallic conduits and fittings for electrical installations
- iv) Flexible PVC conduits for electrical wiring
- v) Junction boxes for use in electrical installations
- vi) Electric cables – spark testing – test method
- vii) Test probes to verify protection by enclosures

g) Building and Construction

- i) Water meters for cold portable water and hot water, part 1: metrological and Technical requirements
- ii) Gas cylinders – refillable welded steel cylinders for liquefied petroleum gas (LPG) – procedures for checking before, during and after filling
- iii) Water meters for cold portable water and hot water: Installation requirements
- iv) Water meters for cold portable water and hot water: Non metrological requirements

h) Building and construction

- i) Steel for the reinforcement of concrete – Plain bars
- ii) Steel for the reinforcement of concrete – Ribbed bars
- iii) Steel for the reinforcement of concrete – Welded fabric
- iv) Technical Committee on sawn timber, sawn logs and wood



The Permanent Secretary of the Ministry of Industry and Trade, Mr. Musa Uledi (left) listens as the Head of TBS Chemistry Laboratory apprises him on the activities performed by the laboratory, when he paid a visit at TBS.

During the year 2014/2015, the directorate initiated a total of 196 new standardization projects compared to 96 initiated during the previous year. New standardization projects initiated during the year included hygiene in the food and drink manufacturing industry, guide on essential requirements for storage of cereals and pulses, processed fruits and vegetables, ready to drink beverages, penetration grade bitumen, cutback bitumen, terminology for bitumen and bituminous binders, specification for unreinforced and reinforced concrete manholes and soak ways, animal and vegetable fats and oils, cigars, hooker tobacco, smoked fish, hazard analysis and critical control point, carbonated soft drinks specification, banana flour specification, handling and processing of prawns and shrimps, fortified rice soya meal for infants and young children, coconut cream (milk) powder, roasted groundnuts, refined white sugar and woven fabrics for uniform.

Other projects initiated were woven fabrics, socks, floor covering-tufted carpets, gaseous nitrogen, carbon dioxide and oxygen, cigarettes, meat grades and meat cuts, dehydrated garlic specification, paprika specification, turmeric whole and ground specification and vanilla specification.

DIRECTOR GENERAL'S REPORT (Continued)

Test method projects include physical methods of test for the quality of drinking water, biological and microbiological test for the quality of drinking water, determination of metal contaminants for the quality of drinking water, determination of salts and anions for the quality of drinking water, determination of gases, organic compounds and radioactivity, methods of sampling and test for crude and refined glycerin, determination of propane-1,3-diol content – gas chromatographic, determination of chloride content, determination of burning quality of cigarettes, determination of nitrogen percent by mass, determination of lead by direct graphite furnace – atomic absorption spectroscopy, determination of residual technical hexane content, determination of nitrite content, determination of salt (chlorine as sodium chloride) in sea food and determination of loss of tobacco from the ends.

Codes of practice were for hygiene in the food and drink manufacturing industry, Hazard Analysis Critical Control Point (HACCP), guide on essential requirements for storage of cereals and pulses, code of hygienic practice for ready to eat fresh pre-cut fruits and vegetable, code of hygienic practices for production of melons, code of hygienic practices for sprout production, processing and handling of prawns or shrimps, fresh meat in retail, ante mortem and post-mortem inspection of slaughtered animals fresh meat and processed meat products.

2.2.3 Regional and international standards work

During the year under review, TBS participated in various regional and international standardization meetings. The meetings included ARSO Technical Committee (ARSO/THC 09) meeting on Environmental Management held from 1st -3rd October, 2014 in Nairobi, Kenya to discuss two draft standards on sustainability, namely glossary and basic descriptions and general principles and criteria for sustainability.

The Bureau also participated in the 18th East African Standards Committee (EASC) meeting from 20 – 24 October, 2014 in Arusha, the SADCSTAN training workshop on standards development procedures organized by SADCSTAN Secretariat from 24 – 28 November, 2014 in Lusaka, Zambia and the Codex Capacity Building Workshop organized by Switzerland and FAO in close collaboration with the African Union and CCAFRICA from 15 – 17 December, 2014 in Kampala, Uganda.

TBS further participated in the regional EAC editing meeting under the Fish and Fishery Products Technical Committee

(EASC/TC/003) from 12 – 16 January 2015 in Arusha, the workshop on building awareness on pre-requisites programmes and food safety systems in honey, mango and spices based on HACCP in international trade organized by SIDO and ITC on 20th February 2015 in Dar es Salaam and a pre-seminar to discuss the draft standard on sustainable criteria for bioenergy as preparation for the ISO/PC 248 plenary meeting sponsored by SIDA from 16 -17 January, 2015 in Berlin, Germany.

The Bureau also attended a regional harmonization meeting under the Technical Committee on Paper and Paper Products (EASC/TC 065) to discuss 16 Draft East Africa Standards from 22-26 June 2015 in Arusha organized by EAC, and the EAC Quality Assurance Technical Sub Committee meeting to deliberate on, inter alia, evaluation of reports for peer assessment and plan for another round of peer assessments from 10 -16 May 2015 in Kampala, Uganda.

TBS organized a workshop on food safety for meat and non-meat products in collaboration with FAO from 18 – 22 May 2015 in Morogoro and was represented at the AU-PACA meeting to validate the Tanzania Strategy for fighting aflatoxin from 19 – 21 May 2015 in Arusha.

World Bank Roundtable Discussion on Strategy for Accelerating Regional Integration was held on 22nd May in Dar es Salaam and TBS was an active participant, as was the WTO TBT Agreement and Interplay between standards and regulations organized by East African Business Council on 30th June, 2015 in Dar es Salaam.

The Bureau sponsored and facilitated training on ISO 17021 – 1, Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements from 1– 5 June, 2015 in Dar es salaam, in collaboration with CTI. It also facilitated the Training of Trainers (ToT) course on negotiation skills to selected divisional and technical committee members from 22 – 24 June, 2015 in Dar es Salaam.

DIRECTOR GENERAL'S REPORT (Continued)



TBS Acting Director General, Mr. Joseph Masikitiko (second right) 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 2014/2015 a total of 367 pre-licence and 736 surveillance inspections were conducted. Also the Bureau collected a total of 395 open market samples during the year. Furthermore, TBS granted 170 standards mark

licences/tested product certificates/ licence extensions compared with 197 standards mark licences/ tested product certificates/licence extensions in 2013/2014.

2.3.1.1 Technical assistance to exporters

During the year under review, the Bureau continued to provide services to Tanzania exporters. In total, forty four (44) pre-export certificates were issued to exporters of various products. The performance was 110% compared to annual target of 40 certificates.

2.3.1 Imports

During the period of 2014/2015, a total of 1,284 batch inspections were conducted, 428 batch certificates/release letters for regular importers, and 28,891 Certificates of Conformance (CoCs) under PVoC programme were granted compared to 26,610 PVoC inspections during the year 2013/2014.

Also 40,060 vehicle inspections were conducted during 2014/2015 compared to 40,637 vehicle inspections during 2013/2014.

2.3.2 Quality control training

During the year 2014/2015 the number of training seminars in quality assurance/management amounted to 20 against the projected figure of 24 equivalent to 83%.

Table 2 – Quality Assurance/Management Seminars 1997/98 – 2014/2015

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	-

DIRECTOR GENERAL'S REPORT (Continued)

2.4 TESTING AND CALIBRATION

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

During the year 2014/2015, the directorate received 6,239 samples for testing and 6,112 calibration requests, bringing a total of 14,103 samples tested/equipment calibrated in the year 2013/2014. The figure was higher than that of the previous year 2013/2014 whereby 9,441 samples/equipment were tested/calibrated.

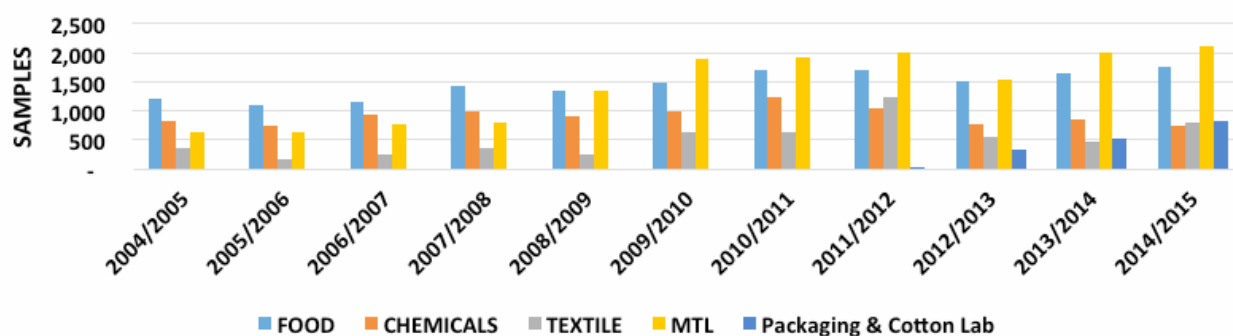
The increase in samples received during the year was mainly due to marketing of services especially for accredited laboratories which include the Metrology, Food Microbiology, Chemistry and Condom laboratories.

2.5 INFORMATION CENTRE

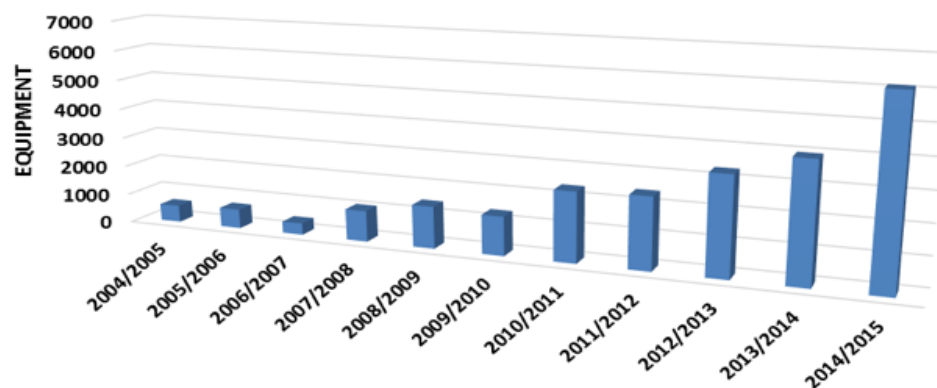
During the period under review a total of 175 finalized Tanzania Standards were edited and processed. Typesetting, editing and pre-press processes for other TBS jobs continued as usual before subcontracting, including the Announcer January-June 2015, Announcer July- December 2014, PVoC partners worldwide contacts booklet and Annual Report & Accounts for the year 2012/2013.

During the year 2014/2015, TBS library received several documents for reference purposes by the staff and public. The documents were 246 titles of ISO standards from various standards bodies and 322 copies of periodicals.

NUMBER OF SAMPLES TESTED AT TBS LABORATORIES FOR THE PERIOD OF 2004/2005 TO 2014/2015



NUMBER OF EQUIPMENT CALIBRATED AT TBS METROLOGY LABORATORY FROM 2004/2005 TO 2014/2015



DIRECTOR GENERAL'S REPORT (Continued)

2.6 FINANCIAL PERFORMANCE

2.6.1 Long Term Liability

As at 30th June 2015 TBS had no long-term liability.

2.6.2 Financial results in 2015/2015

2.6.2.1 Balance sheet

During the financial year 2014/15, TBS net current

assets increased by 22.9 percent from TZS 9,210 million in 2013/2014 to TZS 11,323 million in 2014/2015. 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 2.7 percent from TZS 39,684.1 million recorded in 2013/2014 to TZS 40,757.6 million as at 30th June 2015.

Table 4 – Summary of assets and liabilities (TZS mil.) as at 30th June 2015

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
2014/2015	12,256.3	933.3	11,323	40,757.6



Destruction of substandard condoms

2.6.2.2 Surplus/deficit

During the financial year ended 30th June 2015, TBS recorded an accumulated surplus of TZS 13,359.60 million compared to the accumulated surplus of TZS 11,739.70 million recorded during the year 2013/2014. 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.

DIRECTOR GENERAL'S REPORT (Continued)

2.6.3.1 Government subvention

Government subvention decreased by 14.9 percent from TZS 4,407.6 million in 2013/2014 to TZS 3,751.8 million in 2014/2015. The decrease in government subvention was mainly due to delayed recruitment of several new staff. Government subvention accounted for 21 percent of TBS total income, and was used for personnel emoluments.

2.6.3.2 Internally generated funds

During the year under review TBS internally generated income increased by 7 percent, from TZS 13,026 million in 2013/2014 to TZS 13,957 million in 2014/2015, accounting for 79 percent of total income. The increase in income was mainly due to the implementation of the batch certification for petroleum products.



Textile expert Hosseana Mwakatumbula imparts textile testing knowledge to members of the Parliamentary Committee on Industry and Trade during their familiarization visit at TBS.

2.6.4 Operating costs

The operating costs decreased from TZS 17,308.7 million in 2013/2014 to TZS 16,781.5 million in 2014/2015. The decrease in expenditure was mainly due to decrease in government subvention. An operating surplus of TZS 1,619.9 million was recorded in 2014/2015 compared to TZS 973.4 million which was recorded in 2013/2014. The increase in operating surplus was mainly attributed to the decrease 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 the 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 2014/2015, the government approved a permit for 200 new employees and employment processes commenced.

During the year under review, a total of 122 employees attended short-term courses while 19 employees attended various long-term courses sponsored by TBS and other donors. 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 Diploma 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.

DIRECTOR GENERAL'S REPORT (Continued)

3 PLANNED ACTIVITIES

Tanzania Bureau of Standards 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.



The Director of Trade in the Ministry of Industry and Trade, Mr. Odilo Majengo (left) addresses exhibitors during the World Standards Day exhibition at Karimjee, October 2014. He is accompanied by the Chairman of the TBS Board of Directors, Prof. Cuthbert Mhilo (second right) and the TBS Acting Director General, Mr. Joseph Masikitiko (right).

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

TBS intends to widen the scope of accreditation to include testing of fuel on the fields of density, viscosity, flash point and Research Octane Number (RON) for the Chemistry laboratory and testing of freedom from holes on male

latex condoms for Textile and Leather laboratory. Further, the Bureau plans to expand the scope of testing to include testing of leather for the Textile/Leather laboratory and calibration of energy meters, air flow meters and liquid flow meters, for Metrology laboratory. Moreover, the Bureau intends to extend microbiological analysis scope to cover *L. monocytogenes*, *Pseudomonas aureginosa*, *Clostridium perfringens* and *Bacillus cereus* in food products and to change microbiology method for water analysis from MPN method (TZS 119 and 731) to membrane method (ISO 9308:2000-1) for food laboratory. Currently, the laboratory accreditation process at TBS is 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 surveillance audit and concluded that the TBS Quality Management System is in line with the standard and that 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 (NSGRP II) 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.

AUDITORS' REPORT

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

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 2015.

Introduction

I have audited the financial statements of the Tanzania Bureau of Standards (TBS) which comprises of the statement of financial position, statement of financial performance, statement of changes in net assets and accounting policies, statement of cash flows, and notes to the financial statements for the year ended 30th June, 2015 as shown in 20 to 41 of this report.

Board of Directors Responsibility for the financial statements

Management of TBS is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error as per the Statement of Management responsibility on the Financial Statements enclosed in this report as set out on 17.

Responsibilities of the Controller and Auditor General

My responsibility as an auditor is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and such other procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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, I considered the internal control relevant to the TBS 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 TBS 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.

AUDITORS' REPORT (Continued)

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 2015 (CONTINUED)

Responsibilities of the Controller and Auditor General (continued)

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 duly observed and expenditures of public monies have been properly authorized.

Further, Sect 48(3) of the Public Procurement Act No.7 of 2011 and 269 (1) of the Public Procurement Regulations 2013 require 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, 2015, 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 I have reviewed as part of this audit. I state that the TBS has generally not complied with the requirements of the PPA No.7 of 2011 and its underlying Regulations of 2013 due to the matters pointed out below;

- a) The Public Procurement Act, 2011 and its regulations require competitive bidding procedures to be used entities in the process of purchasing goods and/or services. In addition, the directive issued by the Paymaster General vide letter with Ref. No. CAD 260/318/02/A/10 of 24th April 2014 requires all public entities to acquire motor vehicles through GPSA. However, neither to these requirements were followed by TBS, in the purchase of Nissan motor vehicle from through contract number PA/044/2014-15/G/05 for USD 39,900 in May 2015 as supported by Delivery not number 7973 and LPO dated 7th May 2015.
- b) Regulation 232 of the Public Procurement Regulation of 2013 requires copies of the award letters to be issued to the Public Procurement Regulatory Authority, Controller and Auditor General, Attorney General and Internal Auditor General for all procurements done by entities through competitive bidding process. However, there is no evidence that TBS submitted award letters to the Public Procurement Regulatory Authority, Controller and Auditor General, Attorney General and Internal Auditor General as required by section 232 of the Public Procurement Regulation of 2013.

AUDITORS' REPORT (Continued)

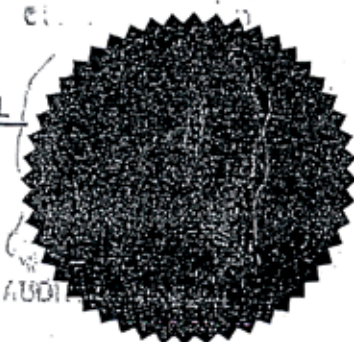
REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA BUREAU OF STANDARDS FOR THE YEAR ENDED 30TH JUNE, 2015 (CONTINUED)

- b) Regulation 232 of the Public Procurement Regulation of 2013 requires copies of the award letters to be issued to the Public Procurement Regulatory Authority, Controller and Auditor General, Attorney General and Internal Auditor General for all procurements done by entities through a competitive bidding process. However, there was no evidence that TBS submitted award letters to the above Authorities as required by the above Regulation.


Prof. Mussa J. Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam.

25th August, 2016



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE, 2015

	<u>Notes</u>	<u>2015</u> TZS'000	<u>2014</u> TZS'000
Revenue	5	17,708,767	17,433,491
Other income	6	2,069,411	848,669
		<u>19,778,178</u>	<u>18,282,160</u>
Expenditure			
Direct costs	7	2,235,713	2,471,200
Administrative expenses	8	5,133,130	4,266,545
Personnel expenses	9	9,412,663	9,029,720
Depreciation of property, plant and equipment	11	1,596,019	1,515,994
Impairment of property, plant and equipment	12	-	2,724
Amortisation of intangible assets	12	37,621	22,544
		<u>18,415,146</u>	<u>17,308,727</u>
Profit for the year		1,363,033	973,433
Income tax expense	10	-	-
Profit for the year		<u>1,363,033</u>	<u>973,433</u>
<u>Other comprehensive income</u>			
Actuarial gains	17	256,901	-
Total comprehensive income for the year		<u>1,619,933</u>	<u>973,433</u>

The Financial Statements on page 23 to 46 were approved by the Board of Directors and authorized for issue onwere signed on its behalf by:

.....
Prof. Makenya A H Maboko
CHAIRMAN

Date:.....23.08.2016

.....
Dr. Egid B Mubofu
Ag.DIRECTOR GENERAL

Date:2016-08-23

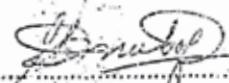
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE, 2015

	Notes	2015 TZS'000	2014 TZS'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	11,826,716	11,671,349
Intangible assets	12	31,815	46,839
Leasehold land	13	19,453,000	19,453,000
		<u>31,311,531</u>	<u>31,171,188</u>
Current assets			
Inventory	14	79,506	115,798
Debtors and prepayments	15	3,630,617	2,409,019
Cash and bank	16	8,545,844	7,543,793
		<u>12,256,267</u>	<u>10,068,610</u>
TOTAL ASSETS		<u>43,567,798</u>	<u>41,239,798</u>
EQUITY AND LIABILITIES			
Equity			
Government subventions		31,796	31,796
Revaluation Reserve		29,515,377	28,775,125
Retained Earnings		11,210,408	9,590,475
		<u>40,757,581</u>	<u>38,397,396</u>
Non-current liabilities			
Gratuity provisions	17	1,876,959	1,983,807
Current liabilities			
Creditors and accruals	18	933,258	858,595
		<u>933,258</u>	<u>858,595</u>
Total liabilities		<u>2,810,217</u>	<u>2,842,402</u>
TOTAL EQUITY AND LIABILITIES		<u>43,567,798</u>	<u>41,239,798</u>

The Financial Statements on page 23 to 46 were approved by the Board of Directors and authorized for issue onwere signed on its behalf by:

Prof. Makenya A H Maboko
CHAIRMAN
Date: 23.08.2016


Dr. Egid B. Mupofu
Ag. DIRECTOR GENERAL
Date: 20.08.2016

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE, 2015

	Notes	2015 TZS'000	2014 TZS'000
Cash flows from operating activities			
Surplus for the year		1,619,934	973,433
Adjustment for:			
Depreciation	11	1,596,019	1,515,994
Impairment of property and equipment	11	-	2,724
Amortisation of intangible assets	12	37,621	22,544
		<u>3,253,574</u>	<u>2,514,695</u>
Changes in working capital items			
Decrease/(increase) in inventories		35,992	(94,482)
(Increase)/decrease in debtors and prepayments		(1,219,948)	395,585
Decrease in trade and other payables		74,662	345,661
Decrease in gratuity provisions		(106,848)	(56,205)
Net cash flows generated from operating activities		<u>2,037,432</u>	<u>3,105,255</u>
Cash flows from Investing Activities			
Purchase of property and equipment	11	(1,012,784)	(1,841,345)
Purchase of intangible assets	12	(22,597)	(37,979)
Net cash used in investing activities		<u>(1,035,381)</u>	<u>(1,879,324)</u>
Increase in cash and cash equivalents		1,002,051	1,225,930
Cash and Cash equivalents at the beginning of the year		<u>7,543,793</u>	<u>6,317,863</u>
Cash and Cash equivalents at the end of the year		<u>8,545,844</u>	<u>7,543,793</u>

The Financial Statements on page 23 to 46 were approved by the Board of Directors and authorized for issue onwere signed on its behalf by:

.....
Prof. Makenya A H Maboko
CHAIRMAN

Date:.....23.08.2015

.....
Dr. Egid B Mubofu
Ag.DIRECTOR GENERAL

Date:.....2016-08-23


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2015

	Government subventions TZS'000	Revaluation Reserve TZS'000	Retained earnings TZS'000	Total TZS'000
Year ended 30 June 2015				
At 1 st July 2014	31,796	28,775,125	10,877,194	39,684,115
As previously reported				
<u>Prior year adjustments</u>				
Actuarial valuation of employees benefits	-	-	(1,286,719)	(1,286,719)
Revaluation adjustment	-	740,252	-	740,252
Restated	31,796	29,515,377	9,590,475	39,137,648
Surplus for the year	-	-	1,619,933	1,619,933
	31,796	29,515,377	11,210,408	40,757,581


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2015

	Government subventions TZS'000	Revaluation Reserve TZS'000	Retained earnings TZS'000	Total TZS'000
Year ended 30 June 2014				
At 1 st July 2013				
As previously reported	31,796	24,101,207	10,657,053	34,790,056
<u>Prior year adjustment</u>				
Revaluation of Property and Equipment	-	-	(753,292)	(753,292)
Restated	31,796	24,101,207	9,903,761	34,036,764
Actuarial valuation of employee benefits	-	-	(1,286,719)	(1,286,719)
Revaluation surplus	-	4,673,918	-	4,673,918
Surplus for the year	-	-	973,433	973,433
	<u>31,796</u>	<u>28,775,125</u>	<u>9,590,475</u>	<u>38,397,396</u>

The Financial Statements on page 23 to 46 were approved by the Board of Directors and authorized for issue onwere signed on its behalf by:


Prof. Makenya A H Maboko
CHAIRMAN

DATE: 23.08.2016


Dr. Egid B Mubofu
Ag. DIRECTOR GENERAL

DATE: 2016-08-23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

1. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

2. SUMMARY OF 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.

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 4.

Changes in accounting policy and disclosures

(i) *New and amended standards adopted by the Bureau*

There are no IFRSs or IFRIC interpretations that are effective for the first time for the year beginning on or after 1st July, 2014 that would be expected to have a material impact on the Bureau.

(ii) *New standards and interpretations not yet adopted by the Bureau*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1st January, 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bureau.

- IFRS 14: *Regulatory Deferral Accounts* was issued on 31st March 2015. IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (continued)

- Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. The standard is effective for annual periods beginning on or after 1 January 2016.

(ii) *New standards and interpretations not yet adopted by the Bureau (continued)*

- IFRS 15: *Revenue from Contracts with Customers* was issued on 31st March, 2015 and shall become effective for annual periods beginning on or after 1 January 2017. IFRS 15 replaces all existing revenue requirements in IAS 11: Construction contracts, IAS 18: Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model: 1. Identify the contract(s) with a customer; 2. Identify the performance obligations in the contract; 3. Determine the transaction price; 4. Allocate the transaction price to the performance obligations in the contract; and 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 require entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (continued)

(ii) *New standards and interpretations not yet adopted by the Bureau (continued)*

On 31st March, 2015 amendments to a number of Standards were made by the IASB. The amended standards including the effective date of such amendments are as follows:

S/N	Amendments	Effective date
1	IFRS 10, IFRS 12 and IAS 27 Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27	1 st January, 2016
2	IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	1 st January, 2016
3	IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28	1 st January, 2016
4	IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11	1 st January, 2016
5	IAS 1 Disclosure Initiative - Amendments to IAS 1	1 st January, 2016
6	IAS 16 and IAS 38 -Clarification of Acceptable Methods of Depreciation and Amortization - Amendments to IAS 16 and IAS 38	1 st January, 2016
7	IAS 16 and IAS 41 Agriculture - Bearer Plants - Amendments to IAS 16 and IAS 41	1 st January, 2016
8	IAS 27 -Equity Method in Separate Financial Statements - Amendments to IAS 27	1 st January, 2016
9	IFRS 9-Financial Instruments	1 st January, 2018

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bureau.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property and Equipment

Property and Equipment are initially recorded at historical cost which includes expenditure that is directly attributable to the acquisition of the items. Subsequently, Property 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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property and Equipment

(a) Depreciation (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

3 FINANCIAL RISK MANAGEMENT

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

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	2015 TZS'000	2014 TZS'000
	Certification fees	12,308,612	11,980,724
	Government subventions	3,751,842	4,407,595
	Testing fees	1,648,313	1,045,172
		<u>17,708,767</u>	<u>17,433,491</u>
6	OTHER INCOME		
	Foreign exchange gain	1,217,725	144,157
	Interest Income	606,496	441,242
	Bad debts recovery	-	3,238
	Canteen services to outsiders	31,180	31,278
	Consultancy Income	45,260	5,040
	Office and House Rent	90,997	79,698
	Training fees received	33,600	28,096
	Tender fees & other income	44,153	115,920
		<u>2,069,411</u>	<u>848,669</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

7 DIRECT COSTS

Committees and conferences	1,034,566	1,151,688
Chemicals	171,135	250,442
Inspection fees	756,931	820,331
Testing charges	273,081	248,739
	<u>2,235,713</u>	<u>2,471,200</u>

8 ADMINISTRATIVE EXPENSES

	<u>2015</u>	<u>2014</u>
	TZS'000	TZS'000
Accreditation expenses	80,404	44,238
Bad debts	287,987	326,777
Bank charges and stamp duty	55,206	47,229
Board Meetings	143,799	161,108
Debts collection fees	78,606	72,540
Insurance	33,777	81,071
Legal and consultancy fees	360,352	175,469
Marketing and advertisements	843,041	808,923
Motor vehicles running expenses	324,019	292,038
Office expenses	628,506	575,247
Publications	40,304	26,171
Audit fees	90,000	77,560
Repair and Maintenance	589,625	343,180
Security and utilities	377,373	344,678
Subscriptions and donations	161,359	169,173
Travelling and accommodation	909,749	686,318
Obsolete inventory	5,632	-
Withholding and value added tax expenses	74,878	-
Other	48,513	34,825
	<u>5,133,130</u>	<u>4,266,545</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

9 PERSONNEL EXPENSES	2015 TZS'000	2014 TZS'000
Responsibility allowances	2,720,598	2,455,685
Burial expenses	4,390	10,815
Directors fees	33,700	22,300
Gratuity expenses	278,695	240,246
Salaries and wages	4,284,432	4,599,962
Social contributions	68,653	111,223
Staff housing	411,457	104,612
Staff training	691,545	851,447
Staff traveling expenses	24,219	32,157
Staff uniforms	3,249	6,329
Staff welfare	810,719	519,138
Workers council	81,006	75,806
	<u>9,412,663</u>	<u>9,029,720</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

11 PROPERTY AND EQUIPMENT

Year ended 30th June 2015	Buildings	Motor vehicles	Office Equipment	Office Furniture	Computers	Electric Generators and Water Pumps	Loose Tools	Total
Cost/Valuation								
At start of year	8,014,671	3,553,910	4,159,303	543,004	889,121	236,864	8,470	17,405,343
Additions	35,015	83,231	738,187	58,556	97,554	240	-	1,012,783
Revaluation surplus	-	-	719,476	16,569	4,207	-	-	740,252
Cost adjustments	-	-	-	-	1,939	-	-	1,939
At end of year	8,049,686	3,637,141	5,616,966	618,129	992,821	237,104	8,470	19,160,317
Depreciation								
At start of year	1,358,194	1,663,333	1,740,553	273,743	559,632	138,234	3,893	5,737,582
Charge for the year	271,377	500,306	589,538	43,646	176,834	10,024	4,294	1,596,019
At end of year	1,629,571	2,163,639	2,330,091	317,389	736,466	148,258	8,187	7,333,601
Net Book Amount								
At 30th June 2015	6,420,115	1,473,502	3,286,875	300,740	256,355	88,846	283	11,826,716
At 30th June 2015	6,656,477	1,890,577	2,418,750	271,099	331,239	98,630	4,577	11,671,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

11 PROPERTY AND EQUIPMENT (CONTINUED)

Year ended 30 th June, 2014									
	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	
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	1,193,807	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 30 th June, 2014	6,656,477	1,890,577	2,418,750	271,099	331,239	98,630	4,577	11,671,349	
At 30 th June, 2013	3,770,644	189,371	2,223,351	202,390	221,628	67,420	-	6,674,804	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

12 INTANGIBLE ASSETS	<u>2015</u>	<u>2014</u>
	<u>TZS'000</u>	<u>TZS'000</u>
Year ended 30 th June 2014 and 30 th June 2015		
At start of year	105,410	67,431
Additions	<u>22,597</u>	<u>37,979</u>
At end of year	<u>128,007</u>	<u>105,410</u>
Depreciation		
At start of year	58,571	36,027
Charge for the year	<u>37,621</u>	<u>22,544</u>
At end of year	<u>96,192</u>	<u>58,571</u>
Net Book Amount	<u>31,815</u>	<u>46,839</u>

13 LEASEHOLD LAND

Year ended 30th June, 2014 and 30th June, 2015

At 30 th June, 2014 and 30 th June, 2015	<u>19,453,000</u>	<u>19,453,000</u>
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This represents the deemed cost of land transferred to TBS from the Government. The market value of land as at 30th June, 2015 based on revaluation which was carried out by Proper Consult Limited.

14 INVENTORY

	<u>2015</u>	<u>2014</u>
	<u>TShs'000</u>	<u>TShs'000</u>
Stationery	50,050	52,181
Chemicals	27,266	48,912
Other	8,122	14,705
Provision for inventory impairment	<u>(5,632)</u>	<u>-</u>
	<u>79,806</u>	<u>115,798</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2015

15 DEBTORS AND PREPAYMENTS	2015 TZS'000	2014 TZS'000
Trade debtors	2,596,643	2,084,663
Prepayments and deposits	947,719	393,310
Interest receivable	287,652	190,547
MITM salary receivable	200,063	-
MITM loan receivable	106,225	-
Staff and other debtors	172,905	133,103
	<u>4,311,207</u>	<u>2,801,623</u>
Provision for receivables impairment	(680,590)	(392,604)
	<u>3,630,617</u>	<u>2,409,019</u>
16 CASH AND BANK BALANCES		
Petty Cash	9,020	-
Bank balances	1,390,019	1,230,669
Deposits	<u>7,146,805</u>	<u>6,313,124</u>
	<u>8,545,844</u>	<u>7,543,793</u>
17 GRATUITY PROVISIONS		
At 1 July		
As previously reported	1,983,807	753,293
Prior year adjustment	-	1,286,719
Restated	<u>1,983,807</u>	<u>2,040,012</u>
Provision for the year	418,391	240,246
Payments during the year	(268,338)	(296,451)
Actuarial gains	<u>(256,901)</u>	<u>-</u>
At 30 th June	<u>1,876,959</u>	<u>1,983,807</u>
18 CREDITORS AND ACCRUALS		
Chemicals and Equipment Suppliers	483,086	478,921
Statutory obligations	185,647	83,466
Deposits	114,752	32,252
Directors' fees payable	30,000	-
Other creditors	<u>119,773</u>	<u>263,956</u>
	<u>933,258</u>	<u>858,595</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

19 RELATED PARTY TRANSACTIONS

During the year under review, the Bureau incurred expenditure amounting to TZS 975 million (2014: TZS 1,060 million) in respect of related parties as follows:-

	<u>2015</u> TZS	<u>2014</u> TZS
Salaries and Allowances	797,940	876,840
Board of Directors Meeting Expenses	143,799	161,109
Board Members Fees	<u>33,700</u>	<u>22,300</u>
	<u>975,439</u>	<u>1,060,249</u>

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, 2014 and 30th June 2015 Tanzania Bureau of Standards had the following contingent liability.

	<u>2015</u> TZS'000	<u>2014</u> TZS'000
Claim of irregularity from terminated employees		
- Anita Kavera	100,000	-
- Josephat Shilogile	<u>85,000</u>	<u>85,000</u>
	<u>185,000</u>	<u>85,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2015

22 CAPITAL COMMITMENTS

As at 30th June, 2015, Tanzania Bureau of Standards had no capital commitments. However, the Bureau had contractual commitments amounting to TZS 693.6 million (2014: TZS 367.7 million)

	<u>2015</u> TZS'000	<u>2014</u> TZS'000
Preparation of TBS Master Plan	51,000	-
Purchase of Motor Vehicles	310,000	-
Construction of staff house fence	200,000	-
Reception renovations	10,000	-
Purchase of 5pcs of combustion tube	5,000	-
Purchase of 1pc of moment universal oven	4,500	-
Preparation of dimension standards	7,100	-
One set of Spindle Pressure pump	55,000	-
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
	<u>642,600</u>	<u>367,700</u>

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.

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P.O. Box 9524 Dar es Salaam, Tel: +255 22 245 0298, 245 0206, 245 0949
Fax: +255 22 2450959, Email: info@tbs.go.tz Web: www.tbs.go.tz